

ED 032 615

EA 002 490

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State and Local Revenue Potential.

Southern Regional Education Board, Atlanta, Ga.

Report No - Res - Mono - 15

Pub Date 69

Note - 106p.

EDRS Price MF - \$0.50 HC - \$5.40

Descriptors - Bibliographies, *Educational Finance, *Fiscal Capacity, Income, *Southern States, State Legislation, *State Surveys, *Tax Effort, Tax Rates

This report contains the results of an extensive study into State and local tax revenue potentials for the 15 Southern Regional Education Board (SREB) States. It identifies both the degree of current use and the potential for increased use of (1) general and selective sales and gross receipts taxes, (2) death and gift taxes, (3) property taxes, (4) individual and corporation income taxes, (5) motor fuel taxes, (6) severance taxes, and (7) license and other miscellaneous taxes, on a State by State basis. Interstate comparisons of the amount of tax capacity and the degree of tax effort are accompanied by a discussion of considerations and limitations inherent in such comparisons. A bibliography of major tax studies in other States and regions is appended. (DE)

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State and Local Revenue Potential

SREB RESEARCH MONOGRAPH NUMBER 15

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1969
SOUTHERN REGIONAL EDUCATION BOARD
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EA 002 490

FOREWORD

This report is one of a series of studies in the field of tax revenue potentials. An initial endeavor by James W. Martin and Kenneth E. Quindry was undertaken in 1959 as a brief round-up of information for use by the Southern Regional Education Board in the promotion of support for higher education in the SREB states. The resulting report proved such a well-developed analysis that it was published as the first of the SREB research monographs on problems relating to higher education. Its systematic approach to the evaluation of tax programs in the respective states attracted widespread attention and led to similar studies based on more recent data, one by Dr. Quindry in 1962 for SREB, and one by Dr. Martin in 1964 for the National Education Association.

This updated inquiry into the under-utilization of state revenue potentials should be of interest to the Southern states in light of the fast rising requirements for higher educational support and particularly in view of a recent report by the Advisory Commission on Intergovernmental Relations showing that 13 of the 15 SREB states apparently declined in degree of tax effort over the past decade.

WINFRED L. GODWIN, *Director*
Southern Regional Education Board

TABLE OF CONTENTS

	<i>Page</i>
INTRODUCTION.....	9
TAX MEASURES PASSED IN 1967 AND 1968.....	13
SOURCES OF POTENTIAL NEW REVENUE.....	14
UTILIZATION OF TAX SOURCES.....	15
Sales and Gross Receipts Taxes.....	16
General Sales and Gross Receipts Taxes.....	16
Selective Sales and Gross Receipts Taxes.....	21
Alcoholic Beverage Taxes.....	21
Tobacco Products Taxes.....	26
Insurance Gross Receipts Taxes.....	26
Public Utilities Taxes.....	27
Amusements and Admissions Taxes.....	27
Death and Gift Taxes.....	28
Property Taxes.....	28
Taxes on Income.....	29
The Individual Income Tax.....	33
The Corporation Income Tax.....	34
License Taxes, Other and Miscellaneous Taxes.....	41
Licenses.....	41
Alcoholic Beverage Licenses.....	41
Motor Vehicle Licenses.....	42
Motor Fuels Taxes.....	42
Severance Taxes.....	43
Other and Unallocable Taxes.....	43
TAX UTILIZATION, 1961 AND 1967.....	45
General Sales and Gross Receipts Taxes.....	45
Selective Sales and Gross Receipts Taxes.....	45
Property Taxes.....	48
Individual Income Taxes.....	48
Corporation Income Taxes.....	48
TAX CAPACITY AND TAX EFFORT.....	48
CONCLUSION.....	55
APPENDIX: STATISTICAL TABLES.....	56
LISTING OF REPRESENTATIVE STUDIES.....	90

TEXT TABLES

<i>Table</i>	<i>Page</i>
1. General Sales and Gross Receipts Taxes, Collections and Additional Revenue Possible by Collection of Unutilized Potential Amounts, Per Capita and Per \$1,000 of Personal Income, 1967	18
2. Selective Sales and Gross Receipts Taxes, Collections and Additional Revenue Possible by Collection of Unutilized Potential Amounts, Per Capita and Per \$1,000 of Personal Income, 1967	22
3. General Property Taxes, Collections and Additional Revenue Possible by Collection of Unutilized Potential Amounts, Per Capita and Per \$1,000 of Personal Income, 1967	30
4. Individual Income Taxes, Collections and Additional Revenue Possible by Collection of Unutilized Potential Amounts, Per Capita and Per \$1,000 of Personal Income, 1967	35
5. Corporation Income Taxes, Collections and Additional Revenue Possible by Collection of Unutilized Potential Amounts, Per Capita and Per \$1,000 of Personal Income, 1967	38
6. Taxes Per \$1,000 of Personal Income and Per Capita, by United States Regions, 1961 and 1967	52
7. Tax Capacity, Tax Effort and Relatives, by United States Regions, 1967	53
8. Percentage Distribution of Families by Income Level and by Region, 1959 and 1965	54

FIGURES

<i>Figure</i>	<i>Page</i>
A. States with Broad-based Personal Income Taxes (Map).....	10
B. Use of Personal Income and General Sales Taxes by States (Map)...	11
1. Potential General Sales and Gross Receipts Taxes Per Capita, 1967.	19
2. Potential General Sales and Gross Receipts Taxes Per \$1,000 of Personal Income, 1967.....	20
3. Potential Selective Sales and Gross Receipts Taxes Per Capita, 1967	23
4. Potential Selective Sales and Gross Receipts Taxes Per \$1,000 of Personal Income, 1967.....	24
5. Sources of Unutilized Potential Revenue, Selective Sales and Gross Receipts Taxes, SREB States, 1967.....	25
6. Potential Property Taxes Per Capita, 1967.....	31
7. Potential Property Taxes Per \$1,000 of Personal Income, 1967....	32
8. Potential Individual Income Taxes Per Capita, 1967.....	36
9. Potential Individual Income Taxes Per \$1,000 of Personal Income, 1967.....	37
10. Potential Corporation Income Taxes Per Capita, 1967.....	39
11. Potential Corporation Income Taxes Per \$1,000 of Personal In- come, 1967.....	40
12. Sources of Unutilized Potential Revenue, Motor Vehicle License Taxes and Motor Fuels Taxes, SREB States, 1967.....	44
13. Unutilized Potential General Sales and Gross Receipts Taxes, 1961 and 1967.....	46
14. Unutilized Potential Selective Sales and Gross Receipts Taxes, 1961 and 1967.....	47
15. Unutilized Potential Property Taxes, 1961 and 1967.....	49
16. Unutilized Potential Individual Income Taxes, 1961 and 1967....	50
17. Unutilized Potential Corporation Income Taxes, 1961 and 1967...	51

APPENDIX: STATISTICAL TABLES

<i>Table</i>	<i>Page</i>
A-1 Personal Income by State, and State and Local General Sales and Gross Receipts Tax Revenue, for States, Regions, and the United States, 1967.....	56
A-2 State and Local Selective Sales and Gross Receipts Tax Revenue, for States, Regions, and the United States, 1967.....	58
A-3 State Death and Gift Tax Revenue, for States, Regions, and the United States, 1967.....	62
A-4 State and Local General Property Tax Revenue, for States, Regions, and the United States, 1967.....	64
A-5 State and Local Individual and Corporate Income Tax Revenue, for States, Regions, and the United States, 1967.....	66
A-6 State Alcoholic Beverage License Tax Revenue, for States, Regions, and the United States, 1967.....	68
A-7 Number of Motor Vehicles Registered and State and Local Motor Vehicle License Tax Revenue, for States, Regions, and the United States, 1967.....	70
A-8 State and Local Motor Fuels Tax Revenue, for States, Regions, and the United States, 1967.....	72
A-9 Value of State Products Severed and Severance Tax Revenue, for States, Regions, and the United States, 1967.....	74
A-10 Other Tax Revenue and Total State and Local Tax Revenue, for States, Regions, and the United States, 1967.....	76
A-11 Summary of Unutilized Tax Potential, from Four Major Tax Sources, by State, 1967.....	78
A-12 Percentages of Total State and Local Tax Collections, by Source, for States, Regions, and the United States, 1967.....	80
A-13 Taxes Per \$1,000 of Personal Income and Taxes Per Capita, with Percentage Changes, for States, Regions, and the United States, 1961 and 1967.....	82
A-14 Tax Capacity, Tax Effort and Relatives, for States, Regions, and the United States, 1967.....	84
A-15 State and Local Tax Effort, by State, 1957 and 1966.....	86
A-16 Federal Income Tax Returns, Percentages of Total Number, by Adjusted Gross Income Class, by State, 1965.....	88

INTRODUCTION

This report is an effort to determine the extent to which opportunities exist for raising additional state-local tax revenue in the individual states. The search for additional revenue springs from the fact that expenditures for state-local functions (especially education and welfare) tend to increase faster than tax revenues, thus creating a revenue "gap." The income elasticity¹ of state-local tax systems is relatively low while the elasticity of expenditures is relatively high. Income elasticity varies from about .8 in states depending heavily on consumption and property taxes to 1.4 in states with highly progressive income taxes. Only about one-fifth of the 50 states have tax systems with revenue automatically increasing faster than Gross National Product.

In the sections which follow, the reality of rising state and local financial needs is assumed, and an effort is made to determine feasible ways of obtaining additional amounts of tax revenue to finance correspondingly higher expenditure levels.

Certain types of taxes used successfully in some states are not used, or are not used fully, in other states. For example, at the beginning of 1969 there were 44 states with general sales taxes, 35 with broad-based personal income taxes and only 30 using both (see Figures A and B). Even among states using an identical tax source, there is wide variation in productivity. It should be possible for some states to increase total tax revenue by tapping comparatively neglected sources of revenue.

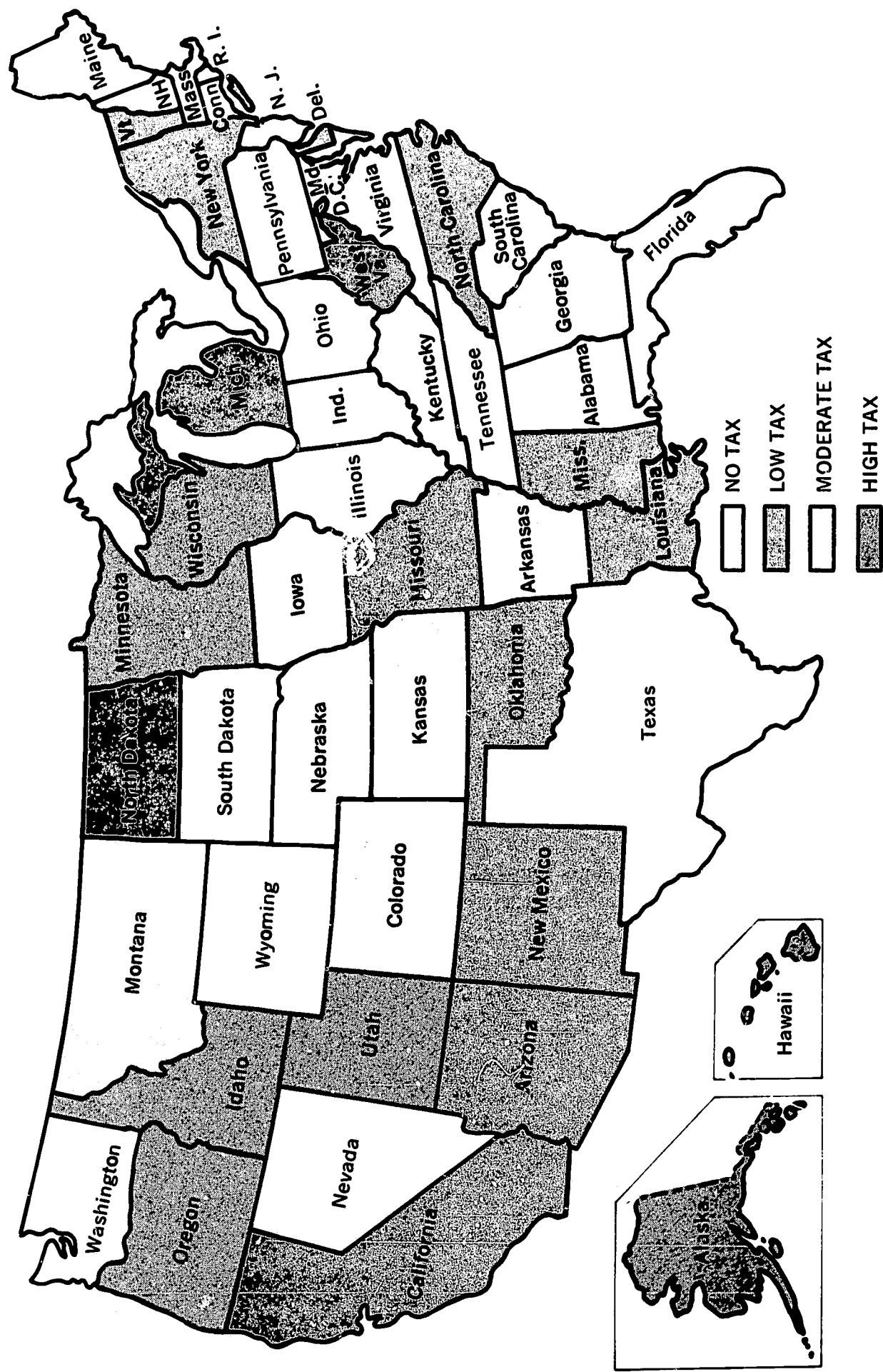
The extent to which it is feasible to secure additional revenue depends both upon the state-local tax capacity and upon the comparative tax effort. Residents are paying more taxes relative to their capacity in some states than in others. However, the overall tax burden must be considered, and taxpayers contributing inordinately high amounts in one form (e.g., personal income or sales taxes) may not have the capacity to pay taxes of another type.

The capacity of the citizens of a state to contribute to government support is determined by many factors included under total economic resources and by alternate demands made upon those resources. Thus we might equate tax capacity with resources available and tax effort with the extent to which the capacity is put to use.

A number of such measuring devices have been employed for interstate comparisons of capacity and effort. The most commonly used one (and the

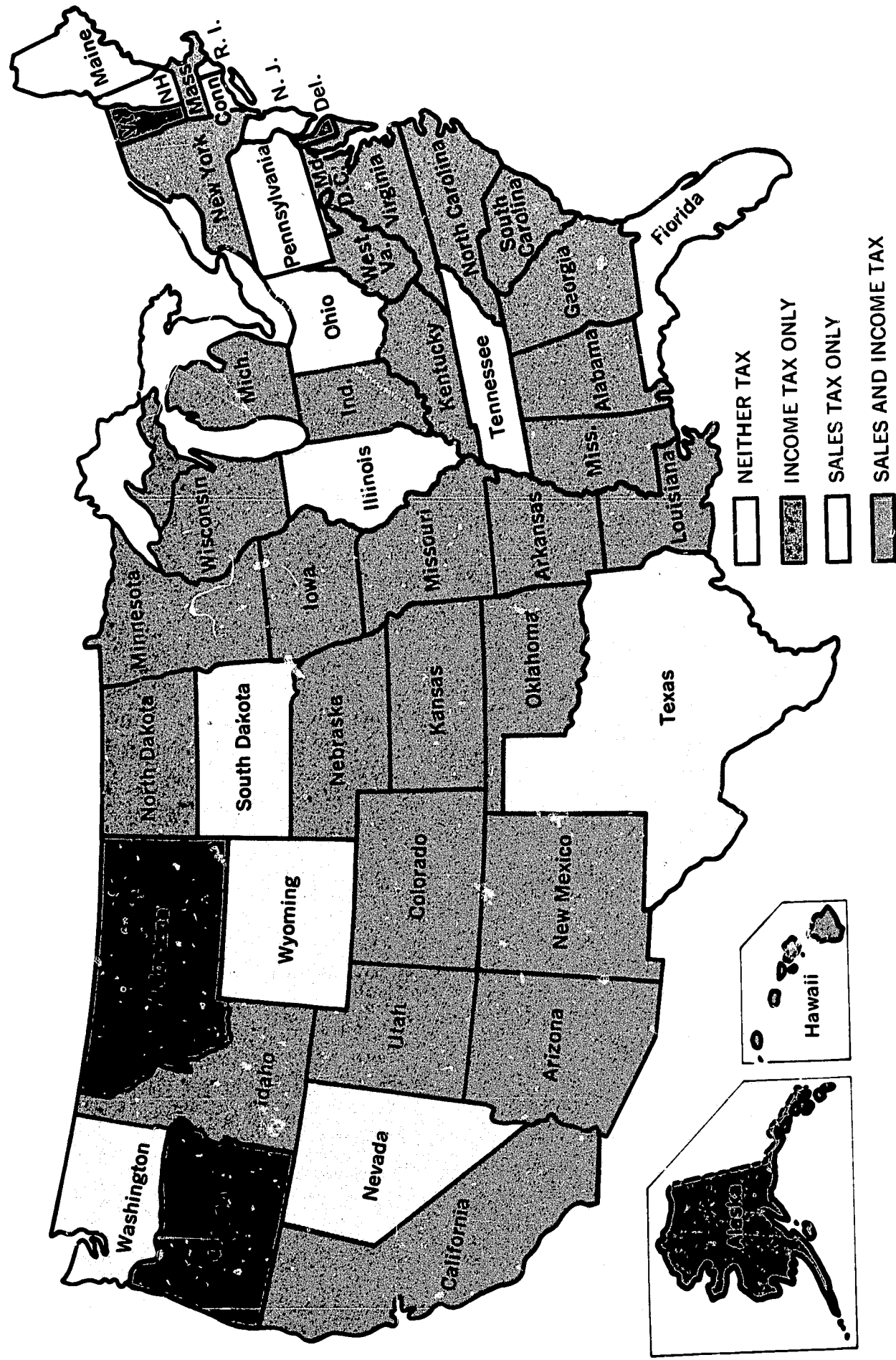
¹ The degree of automatic responsiveness of tax yields to changes in Gross National Product is called income elasticity. If an increase of one percent in GNP is accompanied by a one percent change in tax yields, the tax system is said to have an income elasticity of one. Taxes are termed elastic if they grow relatively faster than GNP (elasticity is greater than one) and inelastic if they grow more slowly than GNP (elasticity is less than one).

FIGURE A
States with Broad-Based Personal Income Taxes
(January 1, 1968)



SOURCE: Advisory Commission on Intergovernmental Relations, *State and Local Taxes Significant Features*, 1968, Report M-37, January 1968, p. ii.

FIGURE B
 Use of Personal Income and General Sales Taxes by States
 (January 1, 1968)



SOURCE: Advisory Commission on Intergovernmental Relations, *State and Local Taxes, Significant Features, 1968*, Report M-37, January 1968, p. ii.

most adequate simple measure) is the personal income in each state. The argument is that taxes are ultimately paid from personal income. This being true, then tax capacity can be measured by the level of personal income, and tax effort by the relative amounts of that income which is contributed to state and local governments. Interstate comparisons are readily made with these data.

This report is an updating of a 1961 study, *Revenue Potentials of the States*, by Dr. James W. Martin for the National Education Association.² The updating is based upon the annual survey of state and local government finances for 1967 compiled by the Governments Division, U. S. Department of Commerce, Bureau of the Census. The 50-state total of individual local taxes, not reported by state, was allocated and included in state collections when possible.

In developing interstate comparisons, the Bureau's classification of taxes is accepted, and the several major tax sources are examined individually. The basic statistical attack rests on the assumptions that the average effort to collect a particular tax is reasonable and that any state should be able to make such an effort if it chooses to do so. That is, a state which now leans relatively heavily on a particular tax source should be able to tap, at an average level, other tax sources now relatively unutilized.

The same types of tax bases are not uniformly available in all the 50 states. While personal income is a reasonably common measuring stick of effort for several major taxes, it is not a completely realistic yardstick in all cases. For example, some states with extensive extractive industries can use severance taxes profitably. New York with its concentration of securities markets can impose a productive levy on stock transfers. Minerals, forest and fishery products severed (for severance taxes) and motor vehicles registered (for motor fuel taxes and license fees) are logical measures of the respective tax bases.

In the following statistical comparisons, totals combining state and local taxes are used. Interstate comparisons are more meaningful when they are based on these combined taxes because of state-to-state variations in the division of labor between the state government and its political subdivisions.

As in many economic analyses, there is interest in comparisons by larger geographical area as well as by state in order to evaluate performance. Thus two bases for comparison are utilized in this presentation: by state and by region. The basic regions are those defined by the *Census of Population*, with exceptions. The South Atlantic (excepting Delaware), the East South Central, and the West South Central regions make up the SREB states; therefore they are combined into one region. Delaware is added to the Middle Atlantic group.

Legal, political and social institutional factors are assumed away in this study. The variations in state-local tax structures are the result of each state

² James W. Martin, *Revenue Potentials of the States* (Washington: National Education Association, 1964).

accommodation to these factors. Variations in these factors ultimately produce a tax structure unique to each state.

Nevertheless, the 50 states generally use many of the same kinds of taxes. But they use them in different combinations with numerous variations in detailed provisions. Variations in tax administration introduce additional differences.

Each state's potential additional revenue is computed as of 1967 and compared with amounts computed by Dr. Martin for 1961. However, state legislatures in 1967 and 1968 enacted tax increases estimated to raise an additional 3.8 billion dollars. These tax increases approved in 1967 and 1968 are reviewed in the next section.

TAX MEASURES PASSED IN 1967 AND 1968

Legislatures meeting in 1967 and 1968 found almost every major tax source a candidate for increases. The enactment of new sales taxes in Minnesota and Nebraska left only six states without a general sales and use tax. New personal income taxes in Michigan and Nebraska left 15 states without a broad-based personal income tax. Thirty states now have both sales and personal income taxes. Other new major tax impositions were corporation income taxes in Michigan, Nebraska and West Virginia. While imposing new taxes on personal and corporate income, Michigan repealed its business activities tax.

In addition to the seven new taxes added in 1967, the 1967 and 1968 years witnessed nine rate increases (six in 1967 and three in 1968) in personal income taxes, 15 (nine in 1967 and six in 1968) in corporation income taxes, 18 (11 in 1967 and seven in 1968) in general sales and use taxes, 25 (11 in 1967 and 14 in 1968) in cigarette taxes, and 18 (nine in each year) in motor fuel taxes.³

Ohio and Texas authorized local governments to levy general sales taxes in 1967 as supplements to the state levy. In Colorado the authority was extended

³ The States increasing tax rates were as follows: personal income taxes—Arizona, California, Iowa, Maryland, Massachusetts, and Montana in 1967, and Mississippi, New York, and New Jersey in 1968; corporation income taxes—Arizona, California, Iowa, Maryland, Massachusetts, Minnesota, Montana, Pennsylvania, and Tennessee in 1967, and Arizona, Maryland, Mississippi, New Jersey, New York, and Rhode Island in 1968; general sales taxes—California, Illinois, Iowa, Maine, Nevada, North Dakota, Ohio, Pennsylvania, Rhode Island, Washington, and Wyoming in 1967, and Florida, Iowa, Kentucky, Maine, Mississippi, Texas, and Virginia in 1968; cigarette taxes—Alabama, Arizona, California, Illinois, Iowa, Maine, New Hampshire, Ohio, Pennsylvania, Tennessee, and Wyoming in 1967, and Alabama, Arizona, California, Florida, Illinois, Iowa, Maine, New Jersey, New Mexico, New York, Ohio, Oklahoma, Rhode Island, and West Virginia in 1968; and motor fuel taxes—Idaho, Illinois, Michigan, Minnesota, Montana, New Mexico, Oregon, Wash-

to additional municipalities and to counties. Wyoming repealed its one-half percent local option while raising the state levy. Local general sales taxes are now permitted in 18 states,⁴ and in nine they are required to be administered by the state. In four states administration is optional. Over 3,000 localities now levy general sales taxes. These states are led by Illinois with over 1,300 levying localities, followed by California, Alabama, Mississippi, Utah and Virginia.

Well over 3,000 localities levy income or payroll taxes, the great majority of them in Pennsylvania. Four other states (Kentucky, Maryland, Michigan and Ohio) and major cities in still other states make significant use of local income taxes.

On the minus side of the ledger, several states raised personal exemptions and provided income tax credits, tax relief or refunds as a means of relieving the regressive sting of consumer or property taxes. Some narrowing of tax bases may be justifiable for tax equity purposes, but all states must be on guard against the proliferation of exemptions that cannot be justified on economic or social grounds.

SOURCES OF POTENTIAL NEW REVENUE

In the search for new revenue, state and localities can look to three possibilities:

1. New taxes. As mentioned earlier, 15 states are without a broad-based personal income tax, nine without a corporate income tax, and six without a general sales and use tax. As stated by the Advisory Commission on Intergovernmental Relations (ACIR), "The ever-growing demands for additional revenue to provide the new and expanding public services at the state and local government levels make it abundantly clear that states need to make effective use of both consumer and income taxes."⁵

North Carolina has no cigarette or tobacco tax; Nevada has no death or gift tax; and 14 states⁶ have failed so far to enact a documentary tax after the

ington, and Wyoming in 1967, and Alaska, Idaho, Illinois, Michigan, New Jersey, New York, Oregon, Rhode Island, and Vermont in 1968. Rates and rate schedules are available in Commerce Clearing House, *State Tax Guide, All States*. Advisory Commission on Intergovernmental Relations, *State and Local Taxes, Significant Features, 1968*, Report M-37 (Washington, D. C.: Government Printing Office, 1968), pp. 1-5; *Tax Review* (New York: Tax Foundation, Inc., September, 1968), pp. 37-40; and *State Tax Review 1967—No Mini-Tax But Many Taxes*, Vol. 29, No. 2 (Chicago: Commerce Clearing House, January 9, 1968), pp. 1 and 2.

⁴ Alabama, Alaska, Arizona, Arkansas, California, Colorado, Illinois, Louisiana, Mississippi, Nevada, New Mexico, New York, Ohio, Oklahoma, Tennessee, Texas, Utah and Virginia.

repeal of a similar federal levy made effective on January 1, 1968.

2. Increasing the yield of presently used tax sources. This can be accomplished by raising rates or expanding the tax base.

The most obvious apparent method of obtaining more tax revenue is to increase the rates or rate schedules. If present rates are compared with surrounding states or with the average or median of all states, some states will find rate adjustments a logical means of raising more tax revenue.

Another possibility for increasing tax revenue is to extend the tax base. For example, personal and professional services might be considered for inclusion in the sales tax base. The individual income tax perhaps has the greatest potential for broadening of the tax base. Many exclusions and deductions from personal income are difficult to justify.

Federal income taxes are allowed as a deduction for state tax purposes in 18 states. The income declared for federal tax purposes is used as the starting point for state tax purposes by 20 states. This has advantages, but the federal definition of taxable income is rather narrow. Broadening the income tax base may not only increase revenue but, in many instances, may add to the progressiveness of the tax.

3. More non-tax revenue. This is beyond the scope of the present study, but nevertheless offers possibilities that need to be explored. Additional non-tax revenue may come from current charges for goods and services and from federal aids. While increases in both directions are anticipated, the need for new tax revenue will be relieved only slightly.

UTILIZATION OF TAX SOURCES

Tables A-1 through A-11 (Appendix) are designed to indicate the degree to which major tax sources were under-utilized by 1967 in each of the 50 states.⁷ Reasons for under-utilization by individual states may be rationalized in various ways. Basically, under-utilization (as indicated by these measures) is a

⁵ Advisory Commission on Intergovernmental Relations, *op. cit.*, p. 5.

⁶ Alaska, Arkansas, Idaho, Louisiana, Missouri, Montana, New Jersey, New Mexico, North Dakota, Oregon, Texas, Utah, Wisconsin and Wyoming.

⁷ A similar analysis of unutilized tax capacity in 1966 is made by the ACIR for the 50 states for three major tax sources. However, potential yield was based on the average effort (per \$1,000 of personal income) of the 10 heaviest taxing states in each tax category. Thus potentials were much higher than were computed using the average of all states employing the particular tax. Their computations are reported in *Fiscal Balance in the American Federal System*, Report A-31, October 1967, Appendix D.

matter of historical development and of decisions as to the best means to promote state welfare.

An effective way to dramatize the degree of under-utilization is to show the amount of tax possible at the average rates and the amounts utilized and unutilized in a state, both per capita and per \$1,000 of personal income (see Appendix tables). These figures are shown for five major tax sources in Tables 1 to 5 and are shown graphically, for the 50 states, six regional divisions, and for the SREB states individually in Figures 1 to 11. The 50-state and area data on "unutilized potential" are based on the assumption that all states collecting more than the average will continue to do so, and that states doing a less than average job will impose the average rate computed.

Sales and Gross Receipts Taxes

All states levy some form of consumption taxes, either general, applying to sales for consumption of a wide range of tangible personal property and selected services, or special excise taxes, applying to selected consumption items (e.g., cigarettes and liquor). In many instances the general tax does not apply to some of the items to which special excises apply. General sales and gross receipts taxes and selective taxes are examined in the following paragraphs.

General Sales and Gross Receipts Taxes

The first step in the examination of general sales tax practices is to compute the average revenue yielded per \$1,000 of personal income for those states having general sales taxes. The next step is to demonstrate what the tax would be if each individual state were to employ this tax at the average rate (each state's personal income times the average tax rate per \$1,000 of personal income). Next, the unutilized potential is computed as the potential tax yield less actual collections. It is reasoned that any state may find it feasible to adjust upward its tax rate or base if unutilized potential revenue is evidenced.

Identical statistical methodology is used for 14 tax sources. The results of these analyses for broad geographic regions and for individual states are reported in the Appendix tables (Table A-1 for general sales and gross receipts taxes).

Eight states⁸ did not employ state general sales and gross receipts taxes in 1967. In the other 42 states, tax yield differences can be attributed to several factors encompassed within the broad categories of basic rates, the tax base, and the vigor and efficiency of administration.

⁸ Alaska, Delaware, Minnesota, Montana, Nebraska, New Hampshire, Oregon and Vermont. However, Alaska employs local taxes and Minnesota and Vermont introduced new general sales taxes in 1967.

The basic rate varies from a low of two percent to a high of six percent (in one state—Pennsylvania). In several states local option taxes (in portions of the particular states) raise the effective rate significantly. Local taxes are widespread in at least six states (Alabama, California, Illinois, Mississippi, Utah and Virginia). In still other states, selected items are taxed at special lower rates.

Just as important in affecting the sales tax revenue is the inclusiveness of the tax base. Key items, such as food for home consumption, are exempt in 22 states, and 14 states exempt prescription medicines. A limited application of the sales tax to services is not unusual. Some or all public utilities are exempt in about half of the states. Professional services are almost universally exempt. Items subject to special excise taxes are exempt from general taxes in a majority of the states. In several states, industrial machinery is given special tax treatment.

These limitations result in a narrow tax base; appropriate reform offers a primary opportunity for enlargement of the tax base. Any regressiveness in the tax introduced or extended by broadening the base can be relieved by some form of tax credits.

Certain other factors may affect sales patterns of taxable goods and influence tax collections. Some of these are tourism (Florida), the level of disposable income, the level of savings and unemployment.

Southern states appear to put more emphasis on general sales taxes as a source of tax revenue than do other regions of the United States. Only four states in the SREB region show significant amounts of unutilized sales tax potential: in Oklahoma, Texas and Virginia the tax rate was two percent in 1967, and in Maryland the tax base is rendered narrow by the numerous exemptions.

For comparative purposes the collections, potential collections (amount possible), and the unutilized potentials are presented in per capita amounts and in amounts per \$1,000 of personal income (Table 1 and Figures 1 and 2). Regional differences in application of the tax are pronounced; per capita collections varied from a high of \$82.07 in the Pacific states (California dominating) to a low of \$33.33 in the New England states. Southern states were on the low side of the 50-state average of \$51.27 collected per capita. However, Southern states (with the four exceptions mentioned above) appear to exert greater than average effort when tax revenue is measured in terms of personal income (Figure 2).

Unutilized potential from general sales and gross receipts taxes amounted to almost two billion dollars in 1967 according to the measures employed in this report. While the tax per capita in the SREB states is not high in comparison with the nation, taxes are paid out of income and average family income is

TABLE 1

**General Sales and Gross Receipts Taxes, Collections and Additional Revenue
Possible by Collection of Unutilized Potential Amounts,
Per Capita and Per \$1,000 of Personal Income, 1967**

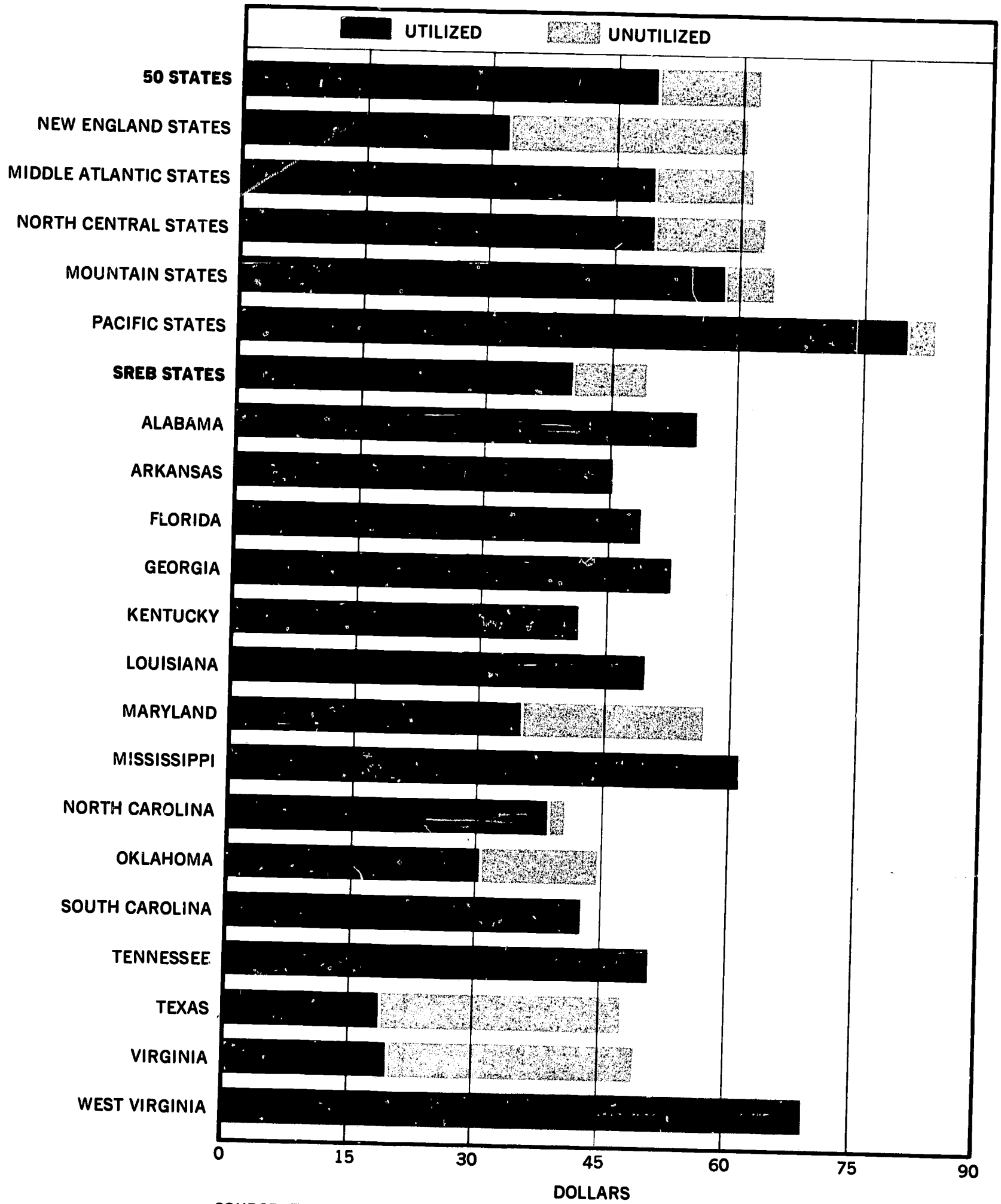
State and Region	Per Capita			Per \$1,000 of Personal Income		
	Actual Collections*	Unutilized Potential	Amount Possible**	Actual Collections*	Unutilized Potential	Amount Possible**
50 States.....	\$51.27	\$10.06	\$61.33	\$16.25	\$3.19	\$19.44
New England States.....	33.33	27.20	60.53	9.52	7.76	17.28
Middle Atlantic States.....	50.14	10.65	60.79	14.07	2.99	17.06
North Central States.....	51.04	11.48	62.52	15.53	3.49	19.02
Mountain States.....	58.31	4.70	63.01	20.60	1.66	22.26
Pacific States.....	82.07	4.67	86.74	22.87	1.30	24.17
SREB States.....	41.33	8.13	49.46	16.20	3.16	19.36
Alabama.....	56.50	—	56.50	26.12	—	26.12
Arkansas.....	45.04	—	45.04	21.46	—	21.46
Florida.....	50.19	—	50.19	17.59	—	17.59
Georgia.....	53.62	—	53.62	21.10	—	21.10
Kentucky.....	42.43	—	42.43	17.49	—	17.49
Louisiana.....	50.06	—	50.06	20.38	—	20.38
Maryland.....	36.93	21.26	58.19	10.80	6.21	17.01
Mississippi.....	61.60	—	61.60	32.48	—	32.48
North Carolina.....	40.10	1.40	41.50	16.44	0.57	17.01
Oklahoma.....	30.36	14.59	44.95	11.49	5.52	17.01
South Carolina.....	43.79	—	43.79	19.79	—	19.79
Tennessee.....	52.09	—	52.09	21.76	—	21.76
Texas.....	23.87	22.80	46.67	8.70	8.31	17.01
Virginia.....	21.40	26.29	47.69	7.63	9.38	17.01
West Virginia.....	70.80	—	70.80	30.33	—	30.33

*In Tables 1 through 5, applies to all states, including those not using a given tax.

**This amount would be collected if the average rate per \$1,000 of personal income were collected. The assumption is that all states collecting more than the average will continue to do so and states doing a less than average job will impose the average rate. Columns 1 and 4 are actual collections and Columns 2 and 5 are the unused potential that would bring below-average states to the average rate per \$1,000 of personal income (applies to Tables 1 through 5).

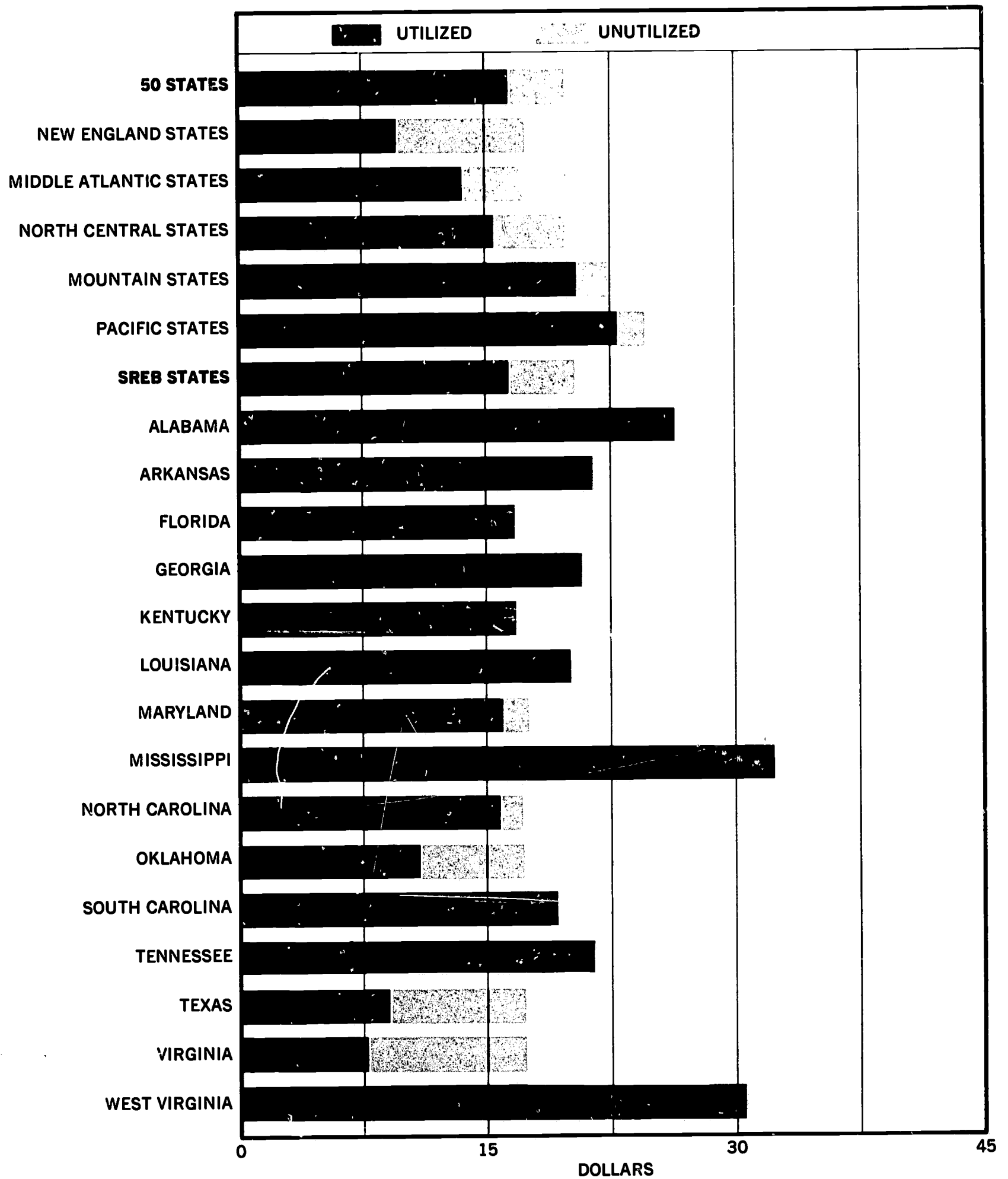
Source: See Appendix Table A-1; population data in this and following tables from U. S. Department of Commerce, Bureau of the Census, *Current Population Reports*, November 1967, Table 7.

FIGURE 1
Potential General Sales and Gross Receipts Taxes Per Capita
1967



SOURCE: Table 1, Columns 1, 2 and 3.

FIGURE 2
Potential General Sales and Gross Receipts Taxes Per \$1,000
of Personal Income, 1967



SOURCE: Table 1, Columns 4, 5 and 6

lower and less evenly distributed in these states. The average Southern state may want to look elsewhere for additional new revenue.

Selective Sales and Gross Receipts Taxes

All states have a special tax on one or more items of consumption. The favored ones are sales of tobacco products and alcoholic beverages, and insurance and public utility gross receipts taxes. These taxes, along with the less productive amusements and admission taxes, are analyzed in Appendix Table A-2. Motor fuel taxes are reported and analyzed in a later table.

Table 2 and Figures 3 and 4 depict per capita and per \$1,000 of personal income tax revenue for the five selective sales taxes mentioned above; in Figure 5 the unutilized potential of each particular tax is indicated for the SREB states. A state that could reap substantial revenue from one particular source may not necessarily be able to do so well from other untapped sources. Table 2 and Figures 3 and 4 show totals in which unutilized potential from one source may be offset by over-utilization of another source. Thus, Figure 5 becomes necessary in order to determine the degree of under-utilization of a particular selective tax. As in the case of general consumption taxes, SREB states make good use of selective sales taxes. Unused potential, both per capita and per \$1,000 of personal income, is lower than average and lower than for other geographic regions. While the per capita revenue effort is about average, the burden on income (\$9.94 per \$1,000) leads the nation and all other regions.

A total of 1.1 billion dollars of potential revenue from these five selective sales taxes is unutilized. State and regional variations in collections from these sources seem to be mainly a function of the normal tax rate imposed. A few states employ local levies sparingly.

Alcoholic Beverage Taxes

Alcoholic beverage taxes account for 25 percent of the unutilized potential in selective sales taxes, with California and New York accounting for half of the total unutilized funds. In 1967, 19 states⁹ imposed such taxes and, in addition, had net income from state or locally owned liquor stores. The net revenue from publicly owned stores, combined with tax revenue, placed several of them among those states whose alcoholic beverage revenue is above average. Maryland, with some local monopoly liquor sales, has relatively low rates on all forms of alcoholic beverages. Texas, another state with below average alcoholic beverage revenue, has low average rates on distilled spirits and wines.

Comparisons of rates and tax loads among states requires that consideration be given to the sales tax yield where alcoholic beverages are taxed under

⁹ In the SREB region, this includes Alabama, Maryland, North Carolina, Virginia and West Virginia.

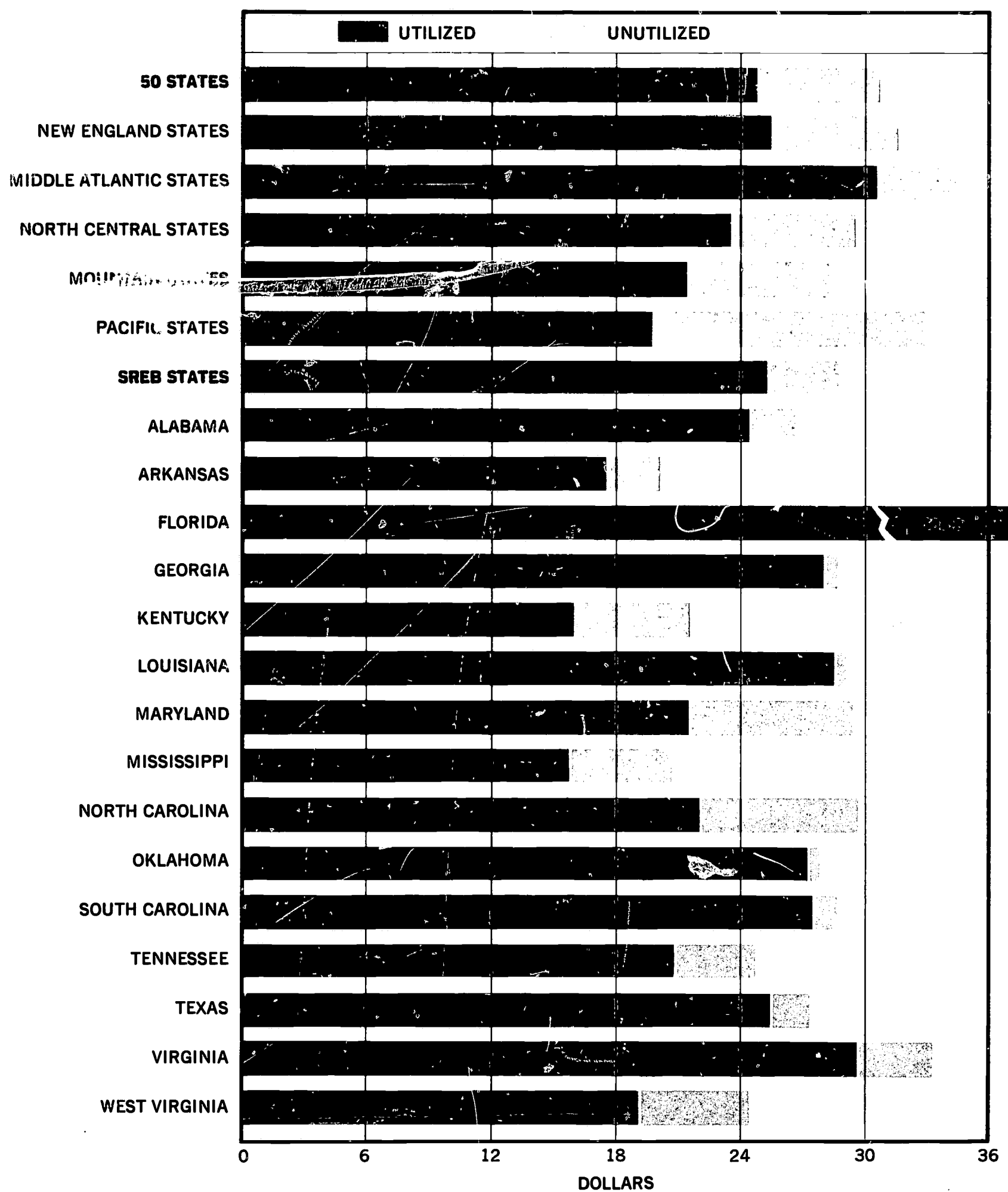
TABLE 2

**Selective Sales and Gross Receipts Taxes, Collections and Additional Revenue
Possible by Collection of Unutilized Potential Amounts,
Per Capita and Per \$1,000 of Personal Income, 1967**

State and Region	Per Capita			Per \$1,000 of Personal Income		
	Actual Collections	Unutilized Potential	Amount Possible	Actual Collections	Unutilized Potential	Amount Possible
50 States	\$25.46	\$ 5.61	\$31.07	\$ 8.07	\$1.78	\$ 9.85
New England States	26.89	5.74	32.63	7.68	1.64	9.32
Middle Atlantic States	31.11	4.60	35.71	8.73	1.29	10.02
North Central States	23.86	5.94	29.80	7.26	1.81	9.07
Mountain States	21.72	5.65	27.37	7.68	2.00	9.68
Pacific States	20.78	12.97	33.75	5.79	3.61	9.40
SREB States	25.59	2.82	28.41	9.94	1.10	11.04
Alabama	24.77	1.76	26.53	11.45	0.81	12.46
Arkansas	17.65	2.25	19.90	8.41	1.07	9.48
Florida	38.27	—	38.27	13.41	—	13.41
Georgia	27.32	0.66	27.98	10.75	0.26	11.01
Kentucky	16.31	5.26	21.57	6.72	2.17	8.89
Louisiana	28.81	0.12	28.93	11.73	0.05	11.78
Maryland	21.85	7.22	29.07	6.39	2.11	8.50
Mississippi	16.23	3.85	20.08	8.56	2.03	10.59
North Carolina	22.45	7.00	29.45	9.20	2.87	12.07
Oklahoma	27.70	0.16	27.86	10.48	0.06	10.54
South Carolina	27.01	0.99	28.00	12.20	0.45	12.65
Tennessee	21.21	3.53	24.74	8.86	1.47	10.33
Texas	25.73	2.13	27.86	9.38	0.78	10.16
Virginia	29.98	4.64	33.62	10.69	1.66	12.35
West Virginia	20.28	3.95	24.23	8.69	1.69	10.38

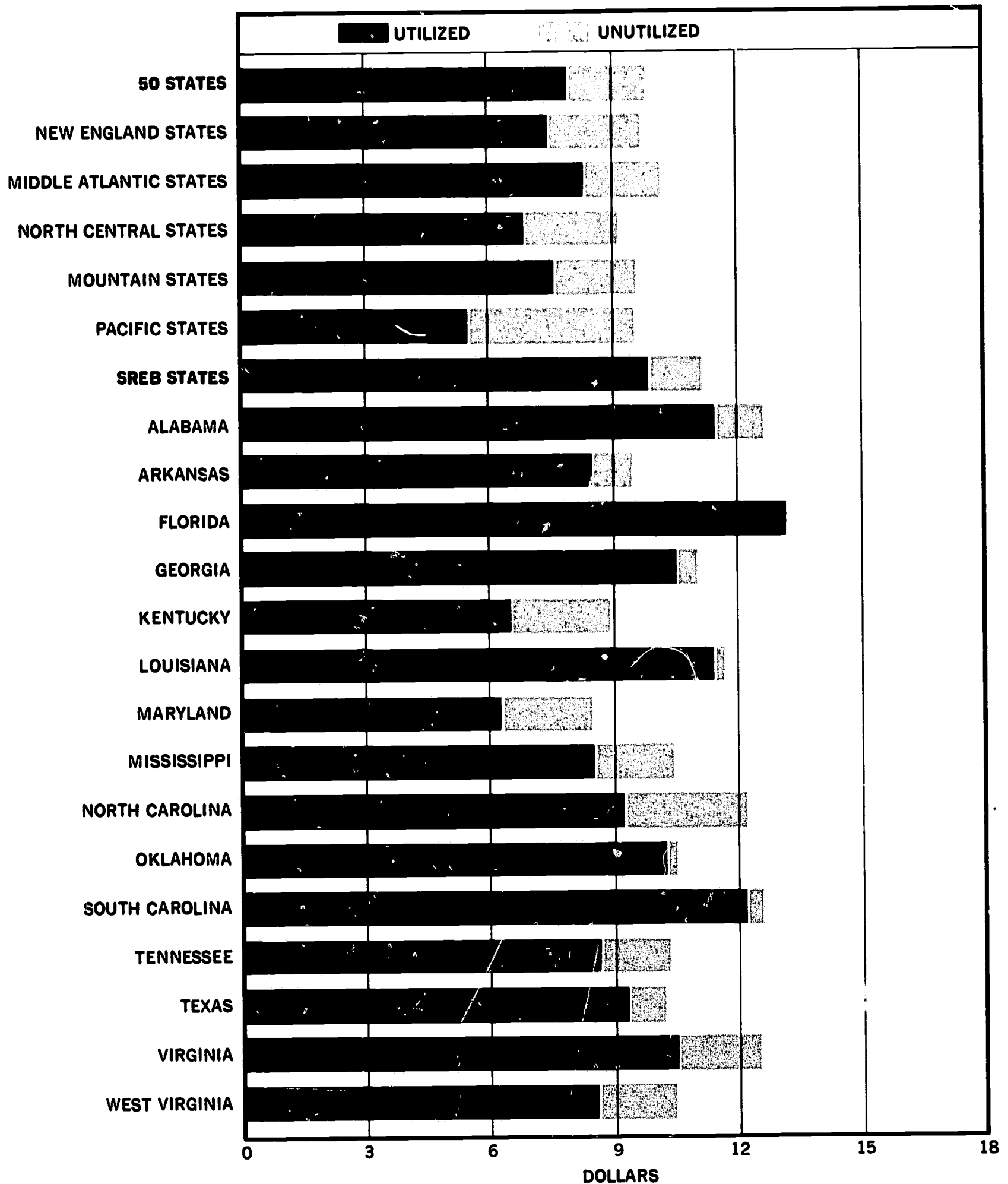
Source: See Appendix Table A-2; see also citation for Table 1.

FIGURE 3
Potential Selective Sales and Gross Receipts Taxes Per Capita
1967



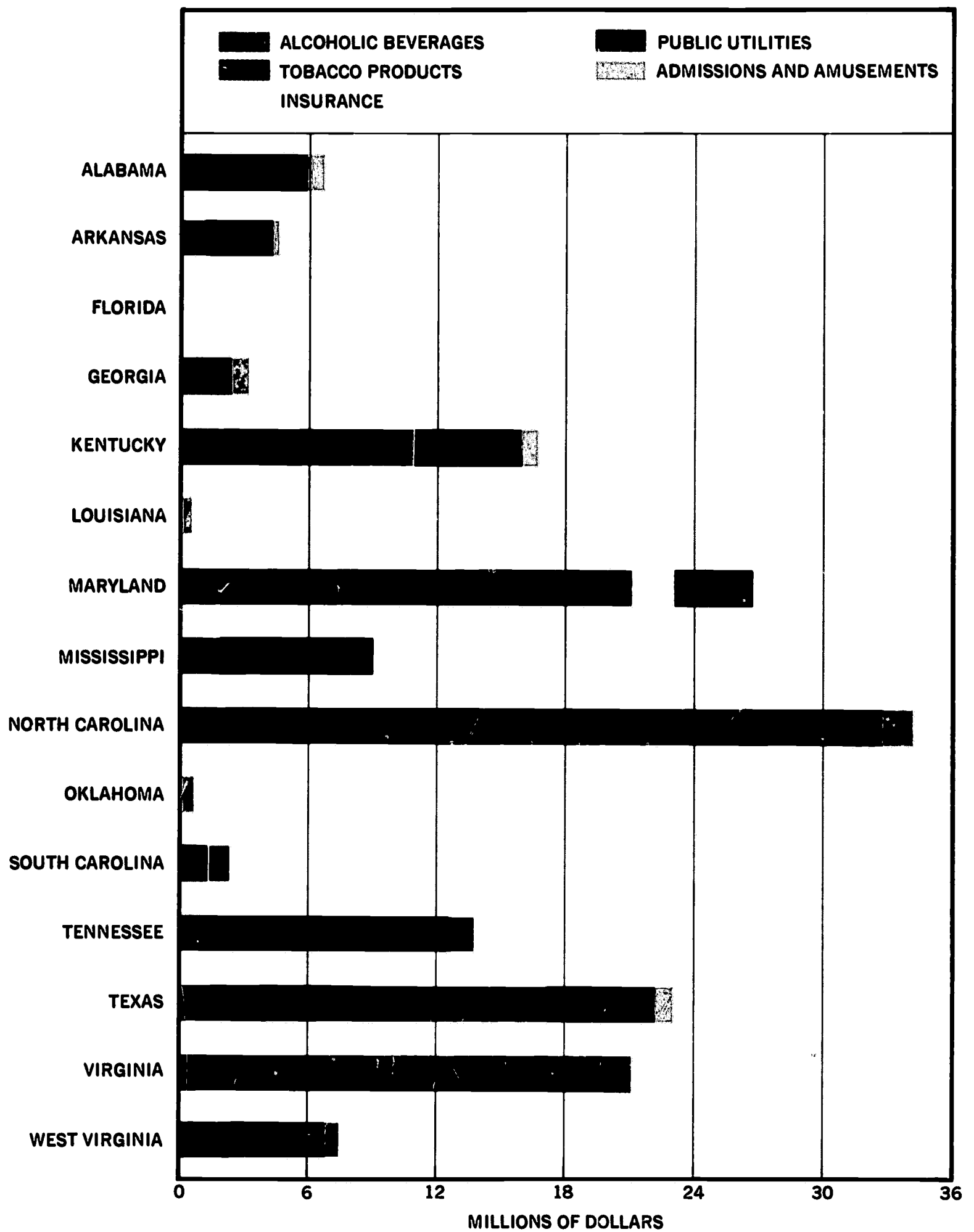
SOURCE: Table 2, Columns 1, 2 and 3.

FIGURE 4
Potential Selective Sales and Gross Receipts Taxes Per \$1,000
of Personal Income, 1967



SOURCE: Table 2, Columns 4, 5 and 6.

FIGURE 5
Sources of Unutilized Potential Revenue, Selective Sales
and Gross Receipts Taxes, SREB States, 1967



SOURCE: Table A-2.

general sales tax laws. In Virginia alcoholic beverages sold by state-owned stores are exempt from the general sales tax.

Collections also reflect social and economic attitudes concerning alcoholic beverages. States having characteristics such as low urbanization or poorly distributed personal income will have limited tax potential. Consumption by tourists is an important characteristic in states with large tourist industries. Local option prohibition laws in some states limit the sale of alcoholic beverages. And in a few states collections are limited because of the prevailing attitude toward legal consumption of alcoholic beverages.

Tobacco Products Taxes

The failure of several states to collect average amounts of taxes from sales of tobacco products stems primarily from low tax rates and secondarily from narrow coverage. Taxes on products other than cigarettes can increase tax revenues from five to seven percent. Several tobacco-producing states (notably Kentucky, North Carolina and Virginia) favor the tobacco industry with unusually low rates. In some states,¹⁰ less than average effort may be justified by inclusion of this tax under the general sales taxes. The extent of tourism (e.g., Florida) and the degree of urbanization are other factors that affect apparent per capita consumption by a state's population—and hence the taxable sales.

Insurance Gross Receipts Taxes

Insurance taxes are rather generally and equally applied by all 50 states (including local governments). Unrealized potential is almost nonexistent in the SREB states; however, some potential for new revenue is evident in the North Central and the Middle Atlantic states. Nationwide, the additional potential totals only 59 million dollars.

In several states, insurance companies are expressly exempt from corporate income or other taxes, and this can influence the effort put forth in insurance taxes. If the insurance tax is in lieu of one or several other taxes, its incidence is apt to be greater than if other types of taxes apply.

Coverage under insurance tax laws varies. The law is sufficiently broad in some states to cover all companies doing business in the state, but in several states fraternal and other non-profit companies are exempt.¹¹

Although there may be differences in the amounts of insurance relative to personal income, differences in tax revenue arise mainly because of the types

¹⁰ Tobacco products are exempt from the general sales taxes in California, Colorado, Connecticut, Maine, New Jersey, Oklahoma, Pennsylvania, Rhode Island, South Dakota, Texas and Wisconsin. North Carolina has no tobacco tax but includes the sale of tobacco products under its general sales tax laws.

¹¹ For a good discussion of insurance taxation see Charles F. Bonser, *et al*, *Business Taxation in Indiana* (Indianapolis: Bureau of Business Research, Indiana University, 1966), pp. 311-331.

of insurance subject to taxation and because effective rates and rate schedules are varied and difficult to compare.

Public Utilities Taxes

Special gross receipts taxes on public utilities are usually in addition to other taxes. In a few instances, statutes provide that such taxes be in lieu of license or franchise taxes.¹²

Coverage of the laws varies greatly; in addition to the special state tax, utilities may be covered by state general sales taxes or by local utility taxes. The lack of other public utility impositions (e.g., net income taxes) makes it more feasible to impose substantial gross revenue taxes. In almost all states, some local governments own one or more local utilities on which net profits exist after all expenses (including payments on borrowed capital) have been paid. These funds can properly be included as taxes, and this has been done in Table 2, Figures 3, 4, and 5, and Appendix Table A-2.

Unutilized public utilities tax potential is evident in all regions of the United States. However, amounts generally appear to be small in the SREB states, with the North Central and Mountain states appearing weak in this category of taxation. Nationally, unrealized potential taxes amount to just less than 398 million dollars from this source.

Amusements and Admissions Taxes

The price of admission to places of amusement is taxed by 43 states¹³ under a general sales tax law. A few states have separate amusement tax statutes which impose higher tax rates and are more inclusive.

In general, states which tax admissions by sales taxes instead of by special excise taxes tend to utilize this source less. A few states allow separate local admissions taxes which are not reflected in Table 2, in Figures 3, 4, and 5, or in Appendix Table A-2, because of lack of data on the local taxes.

A few states¹⁴ exploit this source sufficiently to cause small amounts of unutilized potential to appear for most states. The potential for new revenues is relatively substantial for this source in California, Massachusetts, Michigan, New Jersey, Pennsylvania and Ohio; but these states have not chosen to tap this source as extensively as they might. The 50-state total unutilized potential amounts to 26.8 million dollars.

¹² The tax is an in-lieu-tax in some measure in Connecticut, New Jersey, North Carolina, North Dakota, Oklahoma, South Dakota, Tennessee and Wisconsin.

¹³ Admissions are exempt from the general sales tax in Alabama, Florida, Indiana, Kansas, Louisiana, Maryland, and New York.

¹⁴ New York, Illinois, Florida, Maryland, Texas, Nevada and Washington collect substantial amusement taxes. These states have favorable entertainment circumstances in the nature of race tracks and other amusements which thrive on tourism so that the tax can be lucrative. Circumstances in California are favorable, but that state does not exploit them.

Death and Gift Taxes

All states except Nevada have an inheritance or estate tax or both, and 12 states ¹⁵ have an additional gift tax. No local governments assess death or gift taxes.

Variations in nominal rates and exemptions make comparisons of effective rates extremely difficult. However, some states evidently do impose relatively high effective rates and this enhances their revenue.

Four states ¹⁶ provide only a "pick-up" tax to take advantage of the federal tax credit for payment of state death taxes. Other states impose a supplemental inheritance or estate tax.¹⁷ The deductibility of the federal estate tax for state tax purposes is significant in limiting the productivity of the tax in about half of the states.

Unutilized potential, as shown in Appendix Table A-3, is almost 159 million dollars; nearly half is in the SREB states. The four states having only the "pick-up" tax are Southern states. Other SREB states are limited by low effective rates, narrow coverage or broad exemptions.

Property Taxes

The variations from average collections in property tax revenues are due to many factors. Among the most important, and most complicated, is the tax base. Theoretically, the tax base could include all tangible and intangible personal property as well as all real estate. In practice, all or part of personal property and some real estate is exempt in every state. Some states exempt all intangible property; three states exempt (and do not assess) all personal property.¹⁸ Household effects, agricultural equipment and products, livestock, automobiles, and manufacturers' and commercial business inventories are favorite targets of exemptions where complete personal property tax exemption is not practiced.

Property, once assessed, is not always subject to a tax (or at least not subject to the full rate).¹⁹ Homestead, veterans and other special exemptions (in-

¹⁵ California, Colorado, Louisiana, Minnesota, North Carolina, Oklahoma, Oregon, Rhode Island, Tennessee, Virginia, Washington and Wisconsin.

¹⁶ Alabama, Arkansas, Florida and Georgia.

¹⁷ Mississippi, North Dakota and Utah have an estate tax only; South Dakota and West Virginia have an inheritance tax only; Oregon has an inheritance and an estate tax; Rhode Island has all three; Nevada has no tax; and the remaining 38 use either an inheritance (34) or an estate (four) tax in addition to the "pick-up" tax. See Advisory Commission on Intergovernmental Relations, *State and Local Taxes, Significant Features, 1968*, pp. 52-58.

¹⁸ Delaware, Hawaii and Pennsylvania. Ohio exempts most personal property. Much of the following analysis is based on the U. S. Bureau of the Census, *Census of Governments, 1967*, Vol. 2, *Taxable Property Values* (Washington, D. C.: Government Printing Office, 1968).

¹⁹ In many states, property is classified and assessed at different ratios, or separate rates are established for each class of property.

cluding temporary exemptions for certain new and expanded industries or for special purpose anti-pollution equipment) tend to narrow the real estate tax base. The percentage of assessed property actually subject to the tax varies from 76 percent (in Mississippi) to 100 percent in several SREB states.²⁰ The SREB states' average is 93 percent, and the 50-state average is 97 percent.

In most states, the tax is strictly a local tax, but state policies and practices can affect the amount of revenue collected. State practices vary concerning publicly owned property (schools, government buildings, parks, zoos, etc.) and privately owned property of cooperatives, educational, fraternal, religious and similar organizations. State aid to local assessors in training them and in directing the assessment effort is fundamental to good assessment. Furthermore, the state can affect the level of the property tax by granting localities the privilege of using non-property tax sources and in limiting the functions performed at the local level. States in which local sales and income (payroll) taxes are used and states where financing of governmental functions (especially education, highways and welfare) tend to be centralized at the state level depend less on property taxes. Incidentally, this can lead to increased dependence on state taxes based on income or consumption.

The relative wealth of a state obviously influences the revenue from property taxes. Property values and personal income are not always well correlated among the states, and this limits the appropriateness of relating property taxes to income as is done in this report.

Statutory or constitutional rate limits may also limit property tax revenue. Low assessment ratios in combination with low (and possibly limited) rates seriously restrict property tax productivity in most SREB states.²¹ This makes no recognition of possible weak assessment as is alleged in several states. There is concern in several states that much taxable property escapes the assessors' listing.

Most of the 50-state unutilized potential is found in SREB states. This under-utilization is significant in absolute terms (see Appendix Table A-4), in per capita terms, and in terms of personal income (Table 3 and Figures 6 and 7). In round figures, 1.8 billion dollars out of 2.8 billion dollars of potentially unused revenue is found in the Southern states.

Taxes on Income

At the beginning of 1968, 35 states had broad-based individual income taxes; four other states used this source of taxation rather sparingly. In all of these

²⁰ The average rate on *assessed values* may be as much as 20 times greater than the effective rate on the full value of property actually subject to the tax (South Carolina) or as little as 1.05 times greater (Kentucky).

²¹ Average effective rates (on full value of property subject to the tax) vary from .51 and .54 percent (South Carolina and Alabama) to 2.19 and 2.04 percent (Florida and Maryland). Six SREB states (Alabama, Arkansas, Louisiana, North Carolina, Tennessee and West Virginia) seemingly have rates below one percent.

TABLE 3

**General Property Taxes, Collections and Additional Revenue
Possible by Collection of Unutilized Potential Amounts,
Per Capita and Per \$1,000 of Personal Income, 1967**

State and Region	Per Capita			Per \$1,000 of Personal Income		
	<i>Actual Collections</i>	<i>Unused Potential</i>	<i>Amount Possible</i>	<i>Actual Collections</i>	<i>Unused Potential</i>	<i>Amount Possible</i>
50 States.....	\$132.89	\$14.52	\$147.41	\$42.12	\$ 4.60	\$46.72
New England States.....	171.36	0.52	171.88	48.92	0.15	49.07
Middle Atlantic States.....	152.20	12.86	165.06	42.72	3.61	46.33
North Central States.....	142.58	5.55	148.13	43.95	1.69	45.64
Mountain States.....	136.12	5.14	141.26	48.09	1.82	49.91
Pacific States.....	192.14	7.04	199.18	53.53	1.96	55.49
SREB States.....	77.70	30.76	108.46	30.17	11.95	42.12
Alabama.....	34.14	56.96	91.10	15.78	26.34	42.12
Arkansas.....	51.25	37.14	88.39	24.42	17.70	42.12
Florida.....	113.16	6.99	120.15	39.67	2.45	42.12
Georgia.....	68.80	38.23	107.03	27.08	15.04	42.12
Kentucky.....	57.25	44.94	102.19	23.60	18.52	42.12
Louisiana.....	52.52	50.94	103.46	21.38	20.74	42.12
Maryland.....	136.92	7.16	144.08	40.03	2.09	42.12
Mississippi.....	54.39	25.49	79.88	28.68	13.44	42.12
North Carolina.....	58.62	44.12	102.74	24.03	18.09	42.12
Oklahoma.....	88.18	23.14	111.32	33.36	8.76	42.12
South Carolina.....	42.29	50.92	93.21	19.11	23.01	42.12
Tennessee.....	62.98	37.84	100.82	26.30	15.82	42.12
Texas.....	104.91	10.66	115.57	38.24	3.88	42.12
Virginia.....	74.20	43.90	118.10	26.46	15.66	42.12
West Virginia.....	59.45	38.87	98.32	25.47	16.65	42.12

Source: See Appendix Table A-4; U. S. Department of Commerce, Bureau of the Census, *Survey of Current Business*, August 1968, Table 1, and *Current Population Reports*, November 1967, Table 7.

FIGURE 6
Potential Property Taxes Per Capita
1967

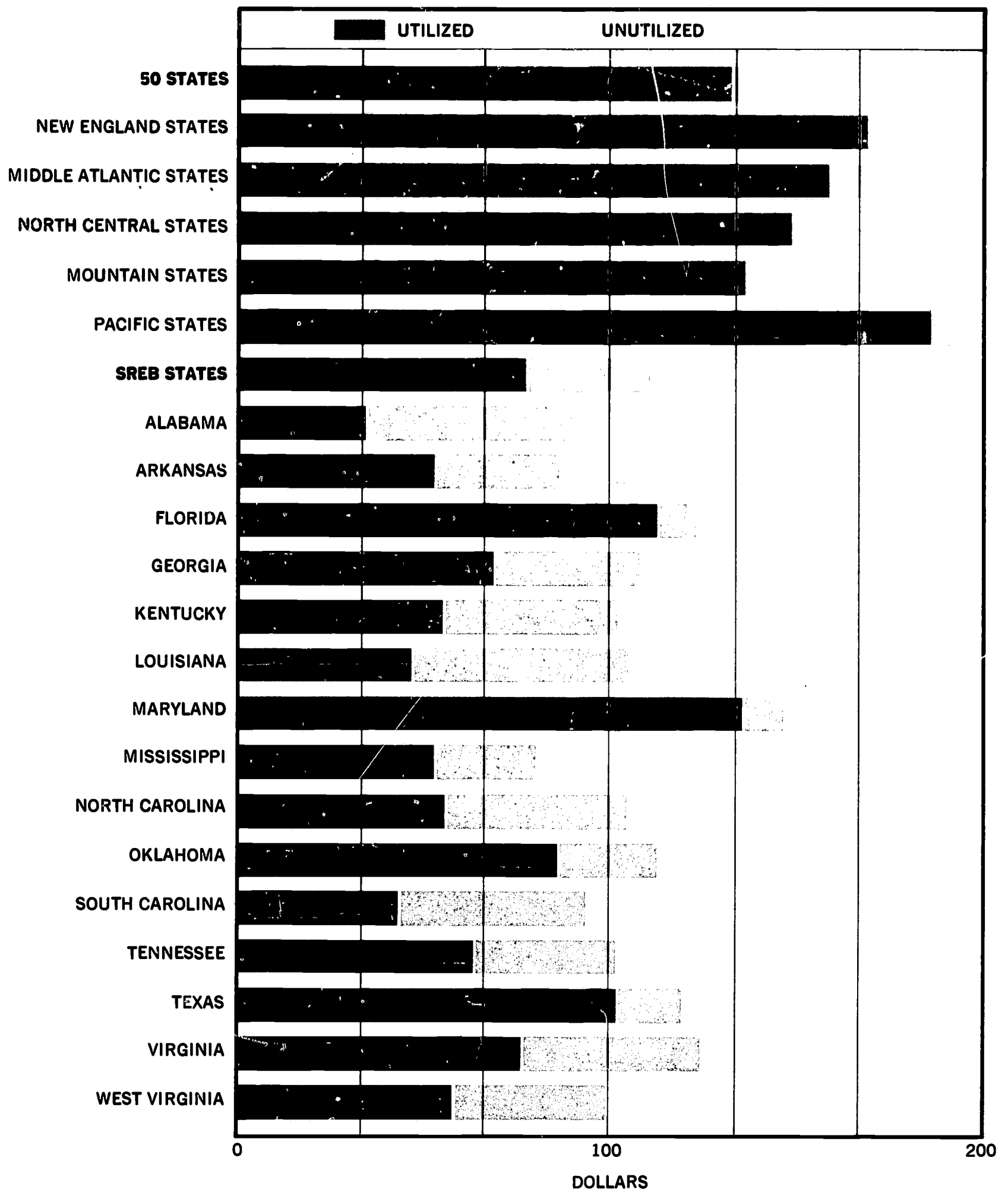
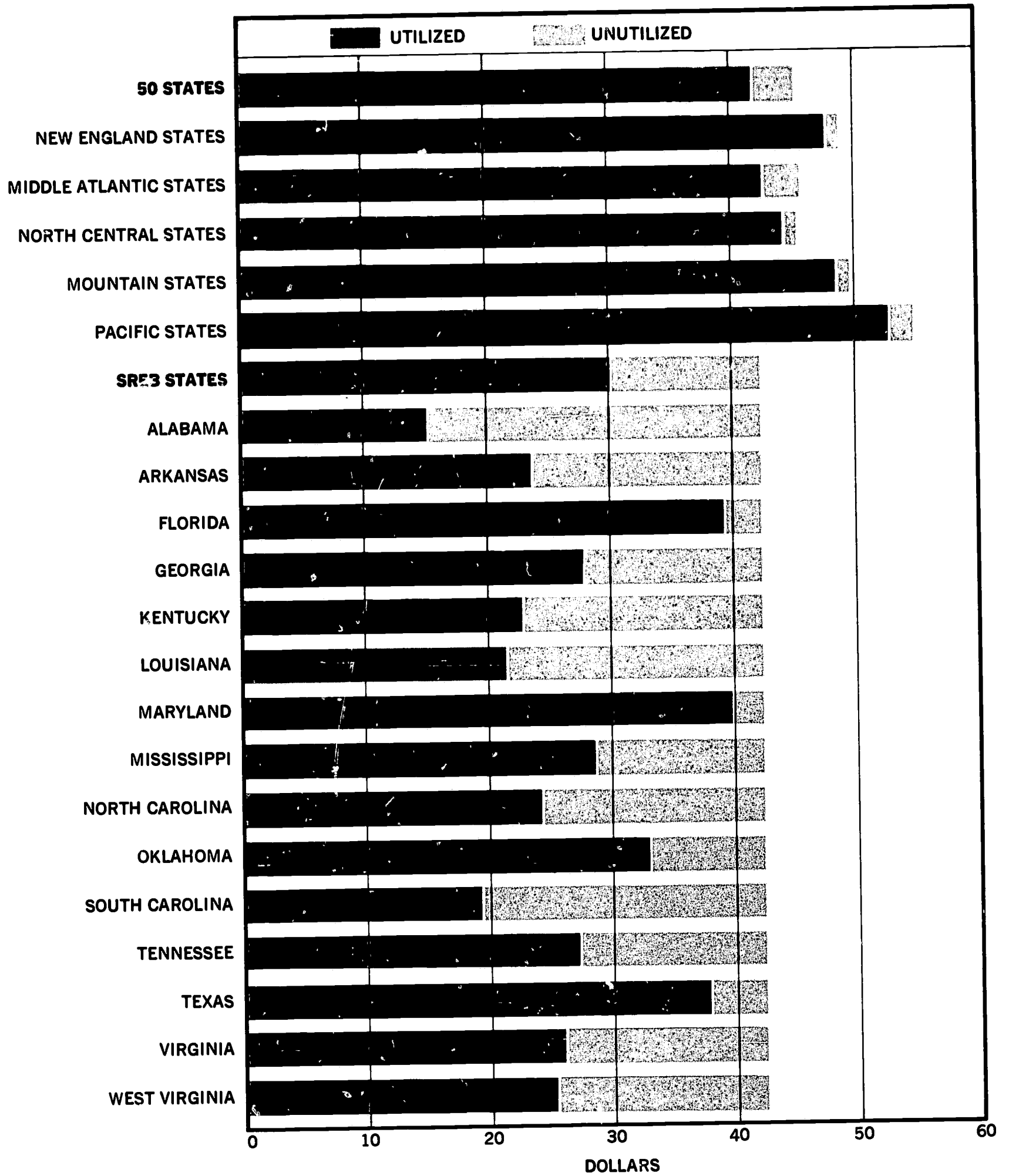


FIGURE 7
Potential Property Taxes Per \$1,000 of Personal Income
1967



SOURCE: Table 3, Columns 4, 5 and 6.

states, except Indiana and Michigan, the taxes are at graduated rates. In all cases, personal deductions and exemptions (or personal tax credits) are employed. In some states local income or payroll taxes are permitted at the local level (this is discussed above). The local tax generally encompasses payrolls of individuals and the net income of business conducted in the jurisdiction (at flat rates varying from five-tenths to two percent). Corporation income taxes are imposed by 41 states; eight of these use graduated rates.

The Individual Income Tax

Income levels and the distribution of income are of special importance in determining the revenue obtained from individual income taxes. Following this in importance is the definition of the tax base (including the definitions of gross taxable income, deductions, and personal exemptions) and the structure of the rate schedules.

State laws differ significantly in statutory definitions of gross taxable income; the definitions rely mainly on the enumeration of items to be included, excluded, or deducted before the rate schedule is applied. Recent changes in income tax laws have been to simplify and standardize income on which rates are applied by adopting federal standards. At present, 20 states accept the federal definition of gross taxable income (in most cases with some modification). Three states²² have an extremely restricted tax base and, therefore, little revenue from this source. Some form of business expense is allowed in all states, but standards are not uniform.

In the matter of personal deductions, also, states are tending toward federal practices. However, 18 states allow the federal income tax as a deduction. A few states permit the deduction of their own state income taxes, and all states with a broad base permit the deduction of personal property and other state and local taxes. Personal deductions for contributions to educational, fraternal, and religious organizations further add to variations in net taxable income.

In some states, the net taxable income is reduced by a personal (usually per capita) exemption; in others, a tax credit is allowed after applying the tax rate. Wide variations are also evident here.

Therefore, variations can appear in the taxable income among taxpayers who have essentially the same uniformly-measured level of pre-tax income. Obviously then, tax liabilities differ for these reasons as well as differences in rate structure.

Recently at least six states²³ have embarked on a program using their income taxes to free the low-income or aged groups of excessive sales and property tax burdens. In each instance, the relief is in the form of a tax credit against the

²² New Hampshire, New Jersey and Tennessee.

²³ Colorado, Hawaii, Indiana, Minnesota, Nebraska and Wisconsin.

income tax, resulting in an apparent reduction of individual income tax revenues.

Adding to the revenue problems in some states is the fact that, in 1967, 12 states had no form of individual income tax (state or local); two of these are in the SREB region (Florida and Texas). Louisiana, Mississippi and Tennessee use this source very restrictively. Tennessee's base is restricted to certain interest and dividend income, and Mississippi and Louisiana have relatively high personal exemptions. Furthermore, Louisiana allows the federal income tax to be deducted before applying the rates.

As a region, the SREB states have put little emphasis on individual income taxes (and property taxes) in favor of consumption taxes (see Table 4, Figures 8 and 9, and Appendix Table A-5). Low average personal income and large proportions of income earners and families in low-income groups add to the revenue problems of many Southern states (as well as others). However, individual states have done well in individual income tax collection (Kentucky, Maryland, North Carolina and Virginia exceed the 50-state average tax per capita and per \$1,000 of personal income). In spite of the good record of these four states, almost one-third of the nearly 3.6 billion dollars in unutilized potential revenue is found in the SREB region.

The Corporation Income Tax

Table 5 (and Appendix Table A-5) and Figures 10 and 11 indicate that the SREB states make a less-than-average effort to garner revenue from net incomes of corporations. Only the North Central states, as a region, fall below the SREB states when revenue from this source is related to population or personal income.

In some cases the failure to secure a standard yield may be due to administrative policy, although a lack of industrialization may well affect revenues unfavorably.

In analyzing individual state performance, somewhat the same procedure should be followed as is used for individual income taxes. Twenty-four states use the same income base used for federal tax purposes, and apportion some or all of corporation income to the particular state. The apportionment formulas vary greatly. Sales, payrolls and property, variously defined and weighted equally, are the most widely used components of the apportionment formulas.

The deduction policies (12 states allow the federal income tax to be deducted) and the depreciation and depletion policies are also significant in corporation income tax yields. Most states now follow federal policies in the accelerated and bonus depreciation and in depletion allowance. Corporation

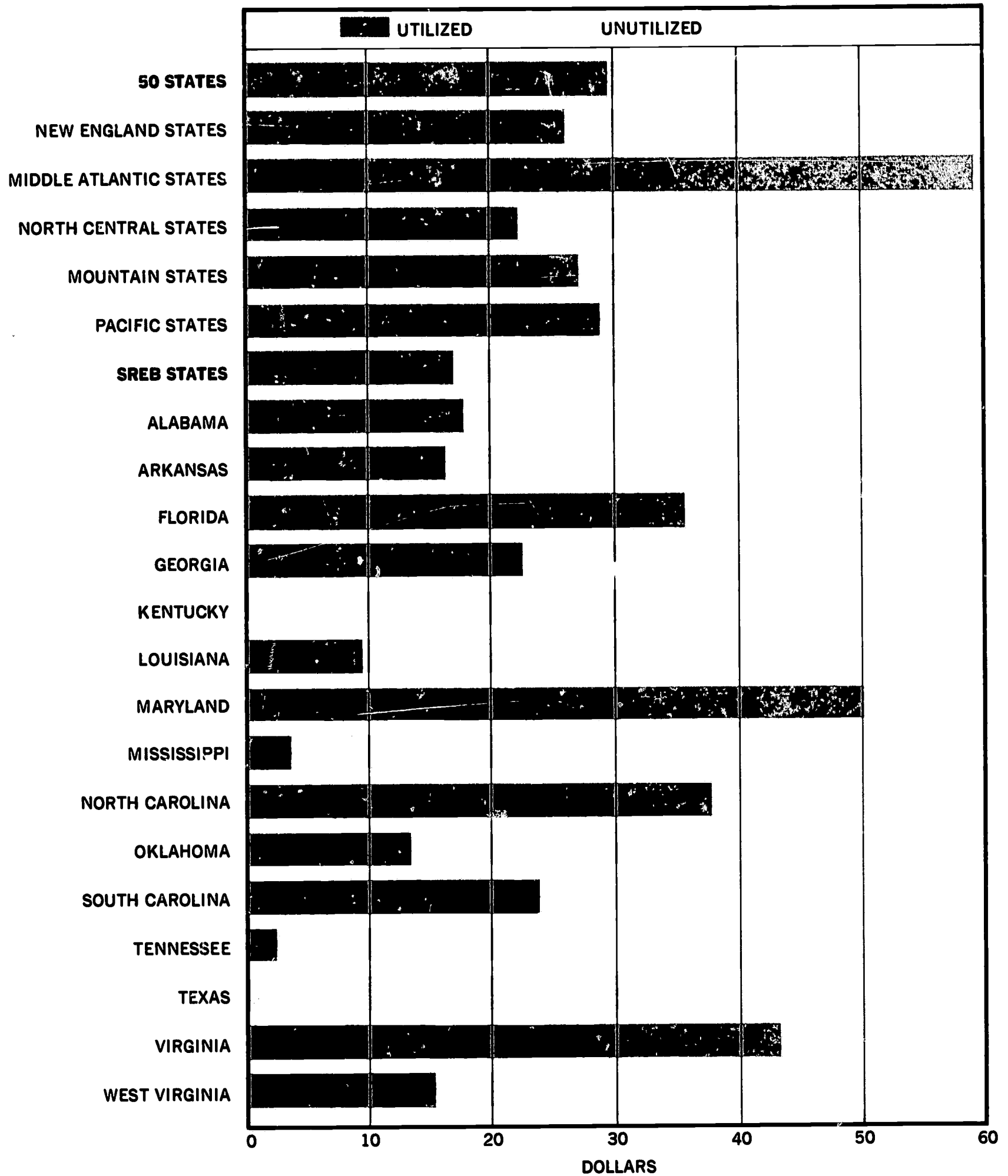
TABLE 4

**Individual Income Taxes, Collections and Additional Revenue
Possible by Collection of Unutilized Potential Amounts,
Per Capita and Per \$1,000 of Personal Income, 1967**

State and Region	Per Capita			Per \$1,000 of Personal Income		
	<i>Actual Collections</i>	<i>Unutilized Potential</i>	<i>Amount Possible</i>	<i>Actual Collections</i>	<i>Unutilized Potential</i>	<i>Amount Possible</i>
50 States	\$29.31	\$16.52	\$45.83	\$ 9.29	\$ 5.23	\$14.52
New England States	26.13	20.78	46.91	7.46	5.93	13.39
Middle Atlantic States	59.27	4.18	63.45	16.64	1.17	17.81
North Central States	22.65	23.66	46.31	6.89	7.20	14.09
Mountain States	27.18	11.10	38.28	9.60	3.57	13.17
Pacific States	29.27	19.84	49.11	8.15	5.56	13.71
SREB States	17.61	16.33	33.94	6.84	6.34	13.18
Alabama	17.00	9.69	26.69	7.86	4.48	12.34
Arkansas	15.85	10.05	25.90	7.55	4.79	12.34
Florida	—	35.20	35.20	—	12.34	12.34
Georgia	22.30	9.06	31.36	8.78	3.56	12.34
Kentucky	39.58	—	39.58	16.31	—	16.31
Louisiana	9.76	20.55	30.31	3.98	8.36	12.34
Maryland	49.38	—	49.38	14.43	—	14.43
Mississippi	4.43	18.97	23.40	2.34	10.00	12.34
North Carolina	37.50	—	37.50	15.37	—	15.37
Oklahoma	13.00	19.61	32.61	4.92	7.42	12.34
South Carolina	24.12	3.19	27.31	10.90	1.44	12.34
Tennessee	2.31	27.23	29.54	0.96	11.38	12.34
Texas	—	33.86	33.86	—	12.34	12.34
Virginia	42.47	—	42.47	15.14	—	15.14
West Virginia	15.08	13.72	28.80	6.46	5.88	12.34

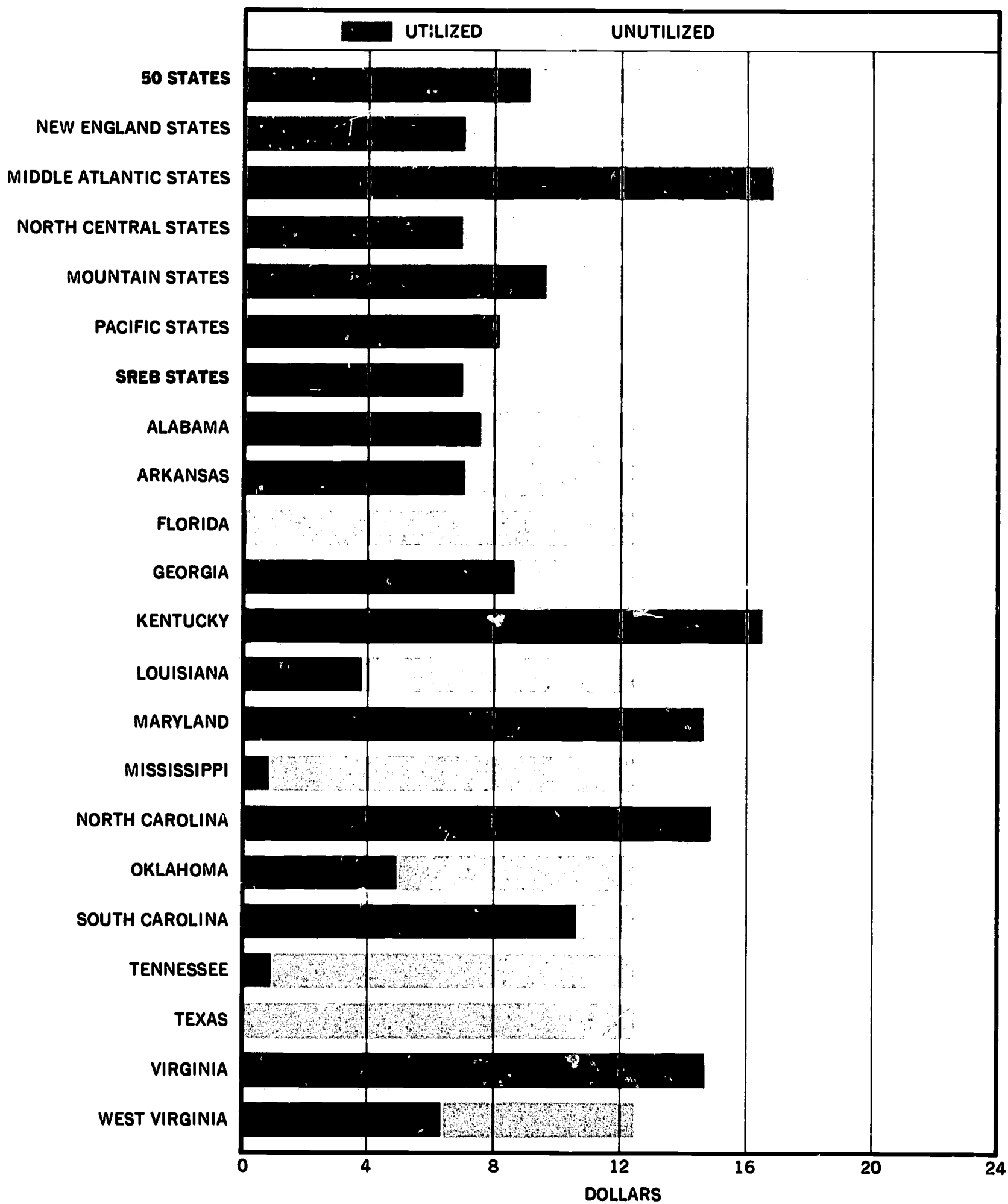
Source: See Appendix Table A-5; see also citation for Table 1.

FIGURE 8
Potential Individual Income Taxes Per Capita
1967



SOURCE: Table 4, Columns 1, 2 and 3.

FIGURE 9
Potential Individual Income Taxes Per \$1,000 of Personal Income
1967



SOURCE: Table 4, Columns 4, 5 and 6.

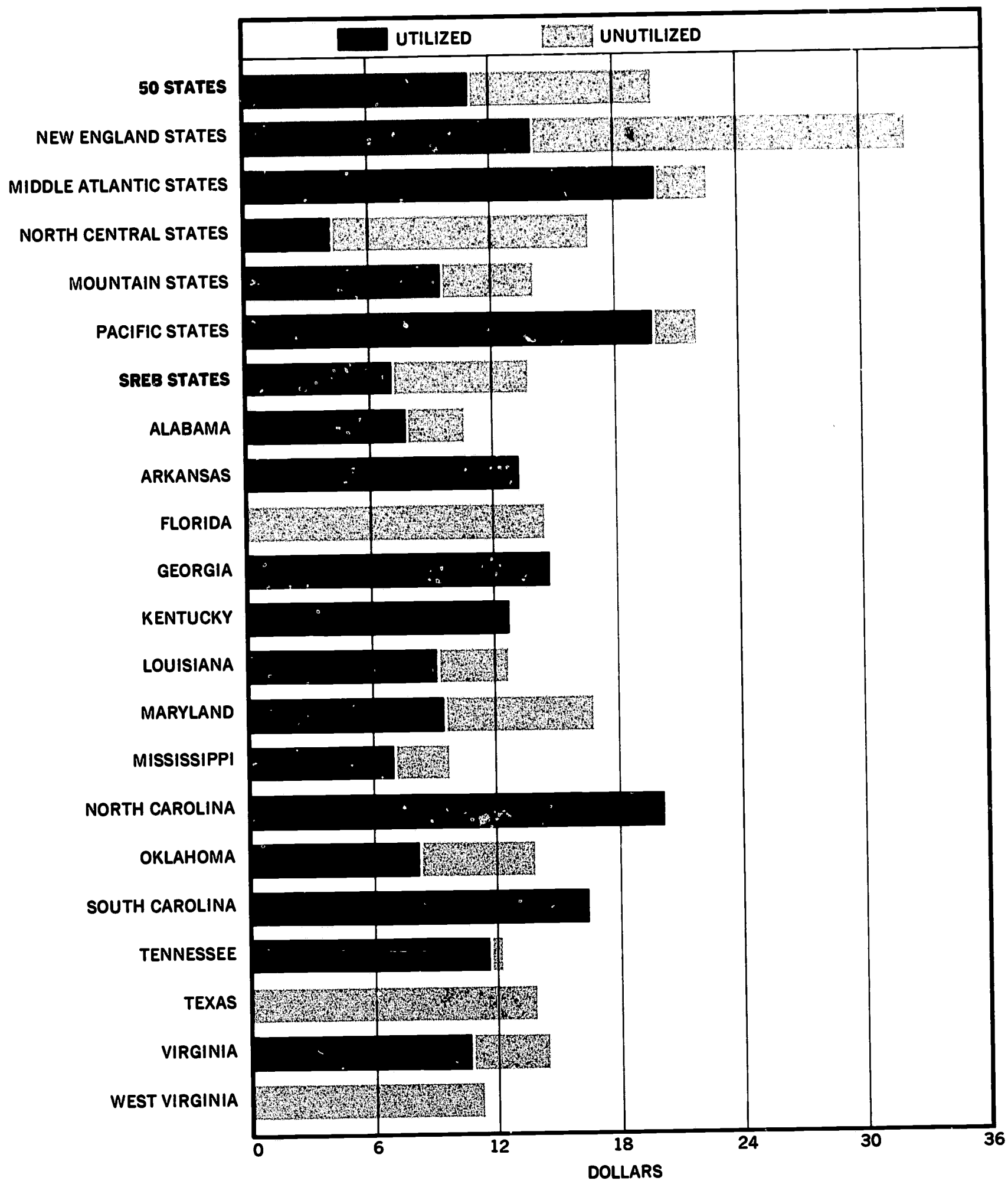
TABLE 5

**Corporation Income Taxes, Collections and Additional Revenue
Possible by Collection of Unutilized Potential Amounts,
Per Capita and Per \$1,000 of Personal Income, 1967**

State and Region	Per Capita			Per \$1,000 of Personal Income		
	<i>Actual Collections</i>	<i>Unutilized Potential</i>	<i>Amount Possible</i>	<i>Actual Collections</i>	<i>Unutilized Potential</i>	<i>Amount Possible</i>
50 States	\$11.30	\$ 8.07	\$19.37	\$3.58	\$2.56	\$6.14
New England States	14.00	18.35	32.35	4.00	5.24	9.24
Middle Atlantic States	19.99	2.13	22.12	5.61	0.60	6.21
North Central States	4.39	12.99	17.38	1.34	3.95	5.29
Mountain States	9.60	4.65	14.25	3.39	1.64	5.03
Pacific States	19.75	2.40	22.15	5.50	0.67	6.17
SREB States	8.37	5.61	13.98	3.25	2.18	5.43
Alabama	8.46	2.38	10.84	3.91	1.10	5.01
Arkansas	12.77	—	12.77	6.08	—	6.08
Florida	—	14.29	14.29	—	5.01	5.01
Georgia	14.32	—	14.32	5.63	—	5.63
Kentucky	12.68	—	12.68	5.22	—	5.22
Louisiana	9.41	2.90	12.31	3.83	1.18	5.01
Maryland	9.69	7.45	17.14	2.83	2.18	5.01
Mississippi	7.23	2.27	9.50	3.81	1.20	5.01
North Carolina	19.59	—	19.59	8.03	—	8.03
Oklahoma	8.62	4.62	13.24	3.26	1.75	5.01
South Carolina	16.70	—	16.70	7.54	—	7.54
Tennessee	11.12	0.87	11.99	4.65	0.36	5.01
Texas	—	13.75	13.75	—	5.01	5.01
Virginia	10.88	3.17	14.05	3.88	1.13	5.01
West Virginia	—	11.69	11.69	—	5.01	5.01

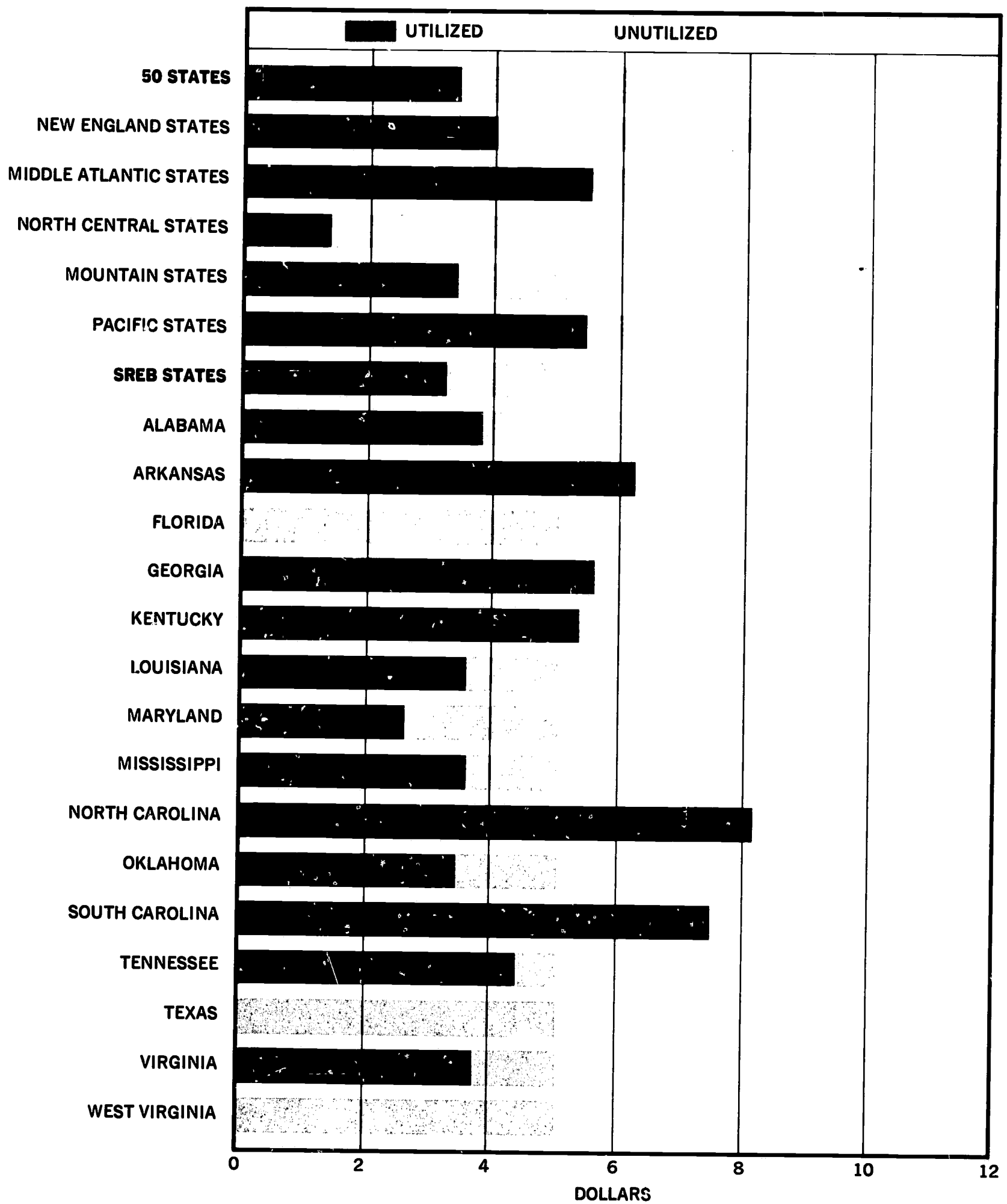
Source: See Appendix Table A-5; see also citation for Table 1.

FIGURE 10
Potential Corporation Income Taxes Per Capita
1967



SOURCE: Table 5, Columns 1, 2 and 3.

FIGURE 11
Potential Corporation Income Taxes Per \$1,000 of Personal Income
1967



SOURCE: Table 5, Columns 4, 5 and 6.

tax uniformity will become increasingly evident as more states adopt the Uniform Division of Income for Tax Purposes Act.

Most of the unutilized potential in the SREB states is found in three states ²⁴ not employing this source of revenue. Other SREB states rank reasonably well in per capita return from this source. When revenue is related to income, only Maryland and Oklahoma fall below the national average. Maryland's personal income is typically higher than that in other Southern states. In like manner, most of the unutilized amounts are found in four North Central states ²⁵ not employing corporation income taxes; with the exception of Nebraska, these are highly industrialized states.

In all, 1.3 billion dollars of unutilized revenue has been computed for the 50 states; a little less than one-fourth of it is in the SREB states.

License Taxes, Other and Miscellaneous Taxes

Several taxes, employed in most states but of minor significance in revenue terms, are discussed briefly in this section. Under-utilization is as widespread as it is in the previously discussed tax sources, but amounts are smaller. Reference may be made to Appendix Tables A-6 through A-10 for data on these minor taxes and on other and unallocable taxes.

Licenses

Of the numerous types of license or flat-rate fees employed by state and local governments, the two most productive ones are chosen for a few brief comments. Statistics concerning other license fees are included under miscellaneous and unallocable revenue.

Alcoholic Beverage Licenses

The preceding discussion of alcoholic beverage sales taxes leaves little to add concerning license taxes on sellers, handlers and producers of these products (Appendix Table A-6). Causes of under-utilization of the two sources may be similar.

Even though the fees are, in part, for regulatory purposes, substantial revenue is garnered from this source by a few states. Localities in several states collect more than state governments. Publicly owned liquor stores not subject to license fees, and local pockets of prohibition have cut down on revenue in several states.

States could conceivably collect almost 55 million dollars more in alcoholic beverage license taxes; over one-third of this amount is in the 15 SREB states,

²⁴ Florida, Texas and West Virginia.

²⁵ Illinois, Michigan, Nebraska and Ohio.

where every state appears capable of small additional collections. Local license fees from this source are reported in other and unallocable taxes; see Appendix Table A-10.

Motor Vehicle Licenses

The number of vehicles registered in the state is the common denominator employed in computing average collections with which to compare revenues in this and the following section on motor fuels taxes (Appendix Table A-7).

Several states could raise considerably more revenue by adjusting their automobile fees upward to correspond more nearly with effective rates in a few states with higher fees. Since automobiles constitute a large portion of motor vehicles registered, the vigor with which passenger car revenue is collected influences the record of total collections.

The relative undertaxation in the form of motor vehicle licenses may be explained in several ways. Some states secure motor-user revenue more heavily from fuels taxation; other states impose property taxes in lieu of more vigorous effort in collecting license fees. Also, administrative efficiency may play some part in producing apparent under-utilization of this revenue source.

Widespread local use of license fees is significant in several states.²⁶ The 50-state unutilized potential approaches 300 million dollars, almost half of which is in the SREB states.

Motor Fuels Taxes

Motor fuels taxes are based on gross sales of gasoline and other fuels used to propel motor vehicles (Appendix Table A-8). While this impost is a form of selective sales tax, it is discussed at this point because it is a highway-user tax and more appropriately is grouped and discussed with motor vehicle license fees.

Most states tax all fuels used to propel motor vehicles. The gasoline tax is usually supplemented with a motor fuels tax for diesel and low-pressure gas when these are used to propel motor vehicles on the highways. Some states further broaden the highway-user taxes to cover motor oils and lubricants or to include oil and fuel inspection fees.

The marked variations in the degree of coverage and policies concerning discounts for loss (evaporation, etc.), in conjunction with rate differences, explain most of the variations in collections. In a few states, local taxes may be imposed but are not very widespread.

The degree of under-utilization of motor fuels taxes is minimal in the SREB states. One state (Texas) shows somewhat below average collections; its rates are low (5 cents per gallon for gasoline and 6.5 cents for diesel fuels). Only two

²⁶ Alabama, Kentucky, Mississippi, Tennessee, Texas and Virginia in the SREB area.

other states (Kansas and Missouri) have gasoline tax rates this low. Unutilized revenue for the 50 states is approximately 275 million dollars.

The unutilized potential for highway-user taxes (motor vehicle licenses and motor fuels taxes) for the SREB states is depicted in Figure 12. Of the SREB states, six do an average or above-average job in both categories of taxes, eight show a disposition to be low in license taxes, and one is low in motor fuels taxes.

Severance Taxes

Severance taxes are imposed upon the value of certain classes of natural resources as they are severed from the soil or water (Appendix Table A-9). Some states lack natural resources of the nature that yield sufficient taxes. Therefore, personal income is not the proper common denominator to use for comparisons. In this report, tax collections are related to the value of production of forests, fisheries and mines within each state.

Severance taxation is productive in only a few states. States having extensive production of coal and timber may have difficulty imposing a productive tax because of the relative decline in the position of these industries. Other states (California, Illinois and Ohio) with extensive oil and gas fields have failed to utilize this source fully. Louisiana, Oklahoma and Texas have been unique in their taxation of oil and gas production. In some cases, dependence on severance taxes helps explain policies leading to under-utilization of other tax sources.

Severance taxes accounted for 23.5 billion dollars in 1966-67; in addition, 358 million dollars of unutilized revenue is apparent. Whether any portion of this can feasibly be collected is doubtful.

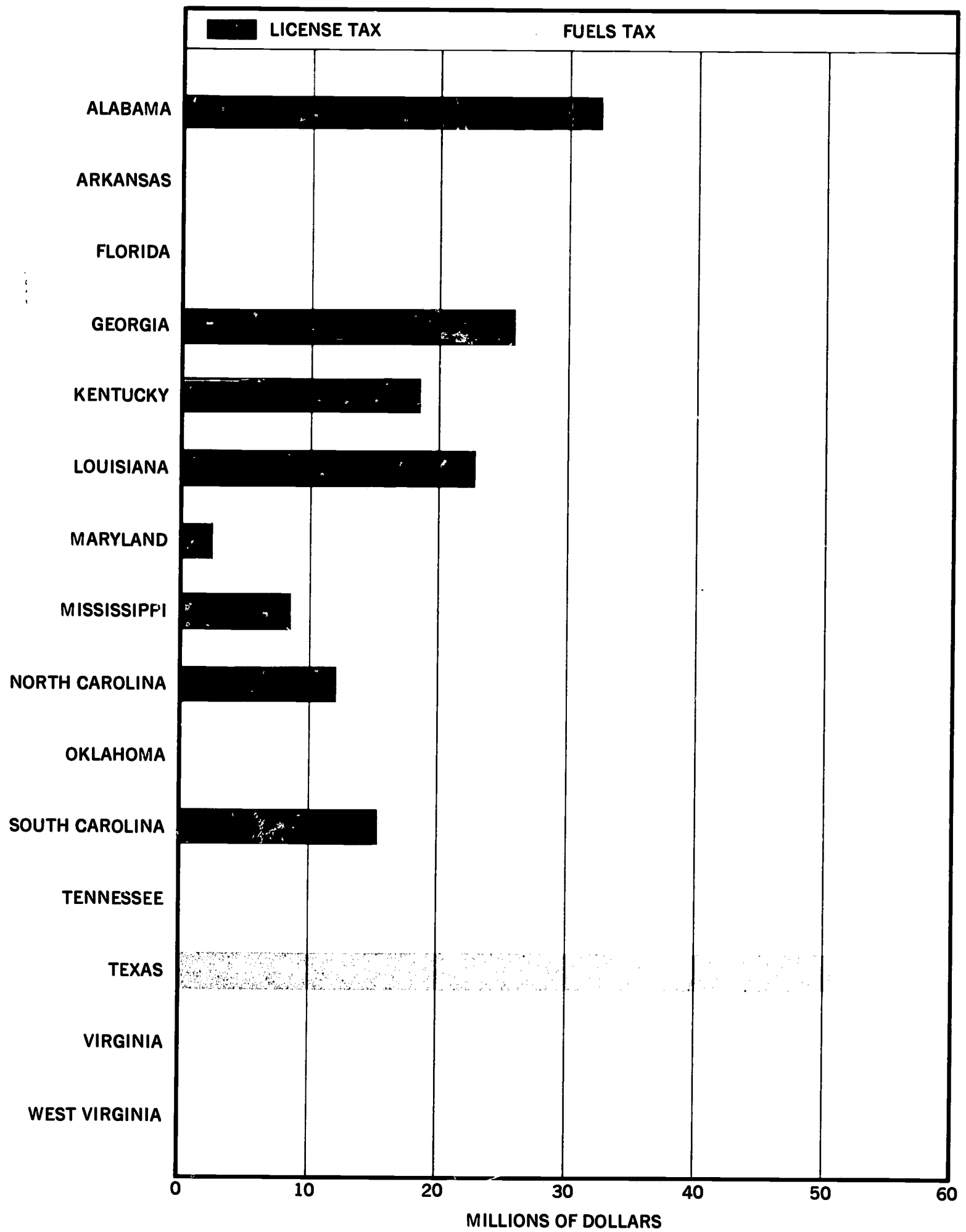
Other and Unallocable Taxes

Two other tax sources merit comment; parimutuel taxes and document and real estate transfer taxes (Appendix Table A-10).

Parimutuel taxes produce substantial revenue in some states, mostly in the highly developed New England and Middle Atlantic states, in California and Florida (because of extensive tourism), and in Illinois and Maryland. In a few states, legal prohibitions against racetrack betting persist. Low average incomes in some states obviously limit the productivity of this tax. No attempt is made to compare tax collections among states.

State and local transfer taxes are relatively new; in some states, they first took effect January 1, 1968, on the expiration of similar federal taxes. In 1967, 16 states collected some revenue from this source; Florida, New York, and Pennsylvania collected substantial sums. Presently 36 states levy transfer taxes which vary widely in coverage.

FIGURE 12
Sources of Unutilized Potential Revenue, Motor Vehicle License Taxes and Motor Fuels Taxes, SREB States, 1967



SOURCE: Tables A-7 and A-8.

Other minor taxes and revenue from unallocable sources are listed in Appendix Table A-10 to complete the roundup of total taxes. Numerous small taxes are large enough, in total, in some states to warrant attention but too small for individual consideration.

TAX UTILIZATION, 1961 AND 1967

This section compares the amount of under-utilization of five major tax sources in 1961, as found by Dr. Martin, and in 1967, as found in this report. Briefly, the dollars of under-utilization increased from 1961 to 1967 for selective sales taxes, property taxes and individual and corporate income taxes; and they decreased for general sales taxes. Changes in tax utilization in this period are reported in Figures 13 through 17.

General Sales and Gross Receipts Taxes

As stated above and shown in Figure 13, dollars of under-utilization fell slightly from just over to just under two billion dollars. Unrealized potential expanded during this period in the New England states, the North Central states and the Pacific states and contracted in the other regions.

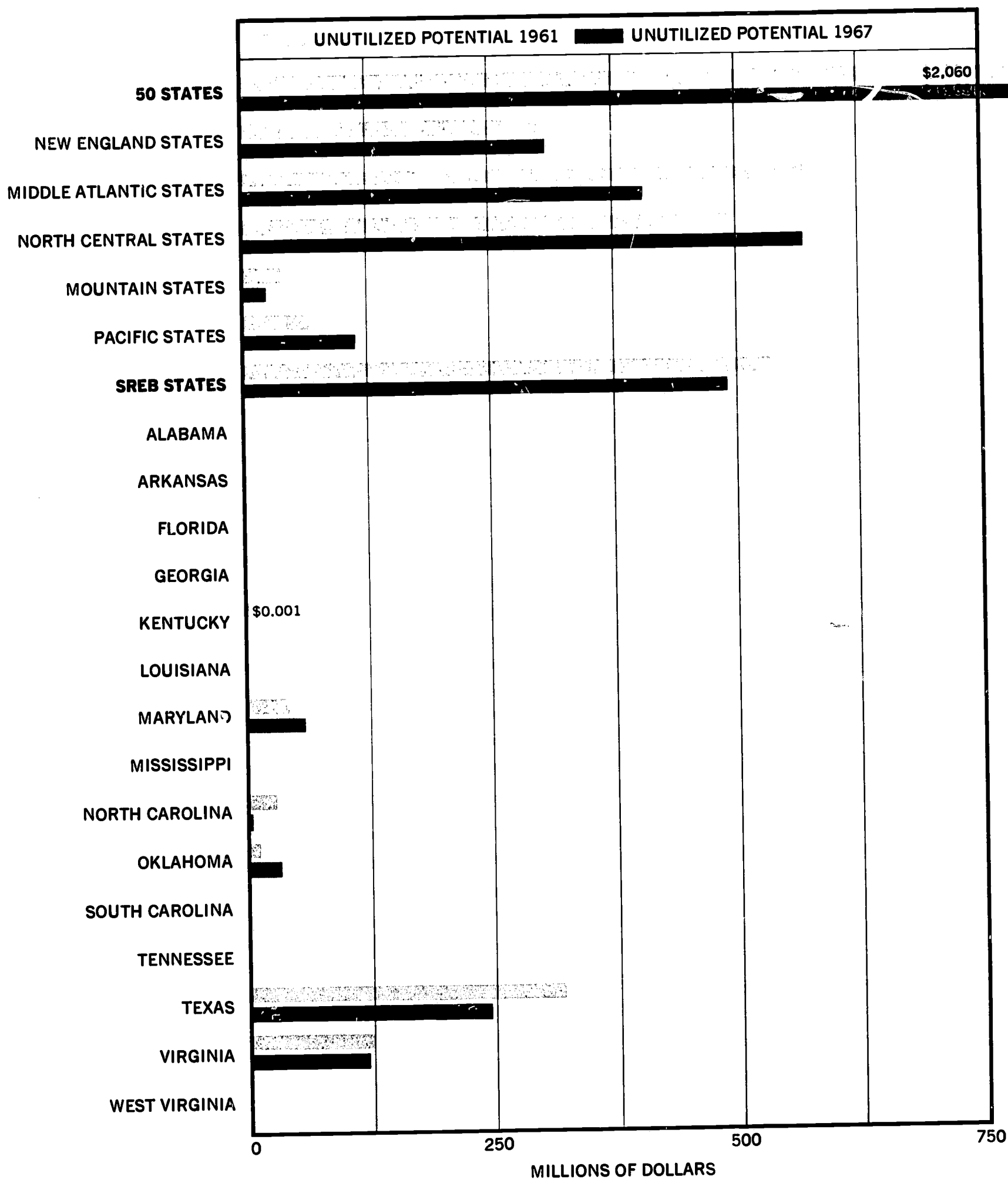
The unrealized potential in the SREB states was reduced from 541.5 million dollars to 488.8 million dollars. Nine states show no unutilized potential in either year; Kentucky showed only a minimal amount in 1961. North Carolina, Texas and Virginia reduced their unused potential while Maryland and Oklahoma showed minor increases.

Selective Sales and Gross Receipts Taxes

Unutilized potential revenues grew from 742.0 million dollars to 1,106.2 million dollars in the 50 states from 1961 to 1967 (Figure 14). The growth is reflected in four regions—the Middle Atlantic states, the North Central states, the SREB states, and the Pacific states. The remaining two regions had insignificant reductions in unused potential revenues.

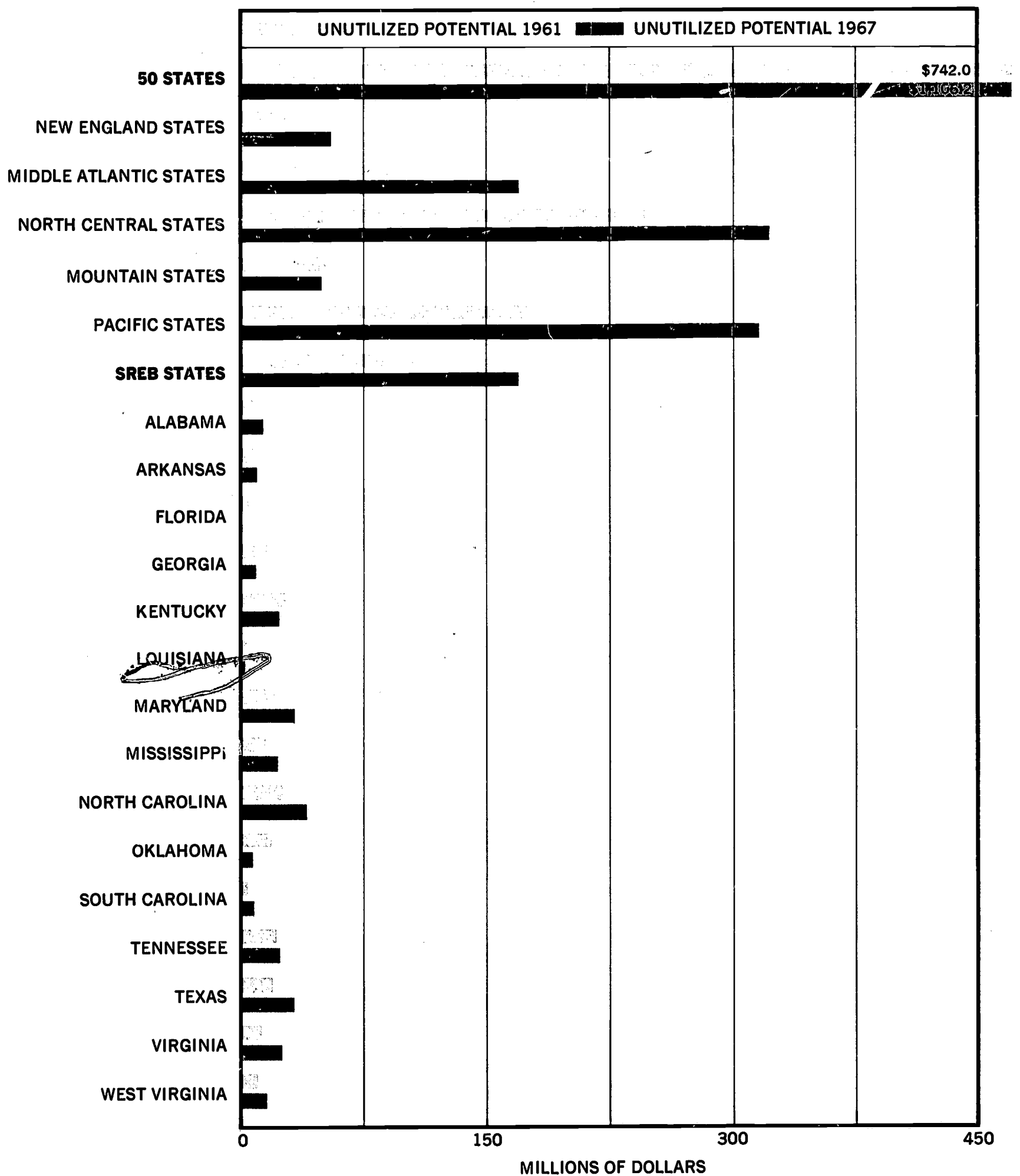
The growth was from 114.7 million dollars to 169.8 million dollars for the SREB states, 10 states showing some increase and five states some reduction. Maryland, North Carolina, Texas and Virginia were leaders both in the amount and in growth of unutilized potential for special sales taxes.

FIGURE 13
Unutilized Potential General Sales and Gross Receipts Taxes
1961 and 1967



SOURCE: James W. Martin, *Revenue Potentials of the States*, (Washington, D. C.: National Education Association, 1964), Table 11, Col. 1, and Table A-1, Col. 3 in this report.

FIGURE 14
Unutilized Potential Selective Sales and Gross Receipts Taxes
1961 and 1967



SOURCE: James W. Martin, *op. cit.* Table 11, Col. 2 to 6 and Table A-2, Cols. 3, 6, 9, 12, 15 in this report.

Property Taxes

Every region in the United States, except the New England states, shared in the one-billion-dollar expansion of unused potential property taxes, though growth in the Mountain region was minimal (Figure 15). The SREB states, generally weak in property taxes in 1961, remained that way in 1967. About 65 percent (650 million dollars) of the expansion from 1,890 million dollars to 2,861 million dollars is found in the 15 Southern states, with all except Maryland sharing in the increase.

Individual Income Taxes

From 1961 to 1967, there was a 1.2 billion dollar increase in unused potential individual income taxes (Figure 16). The SREB states and the North Central states lagged most in expansion of individual income taxes, but no region showed uniform expansion. Florida and Texas still do not impose an individual income tax, and increases in income in these states raised substantially their unused potential. Tennessee, with a very restricted tax base, is little different. Kentucky, Maryland and North Carolina seem to have done an average job of imposing individual taxes on income in both years.

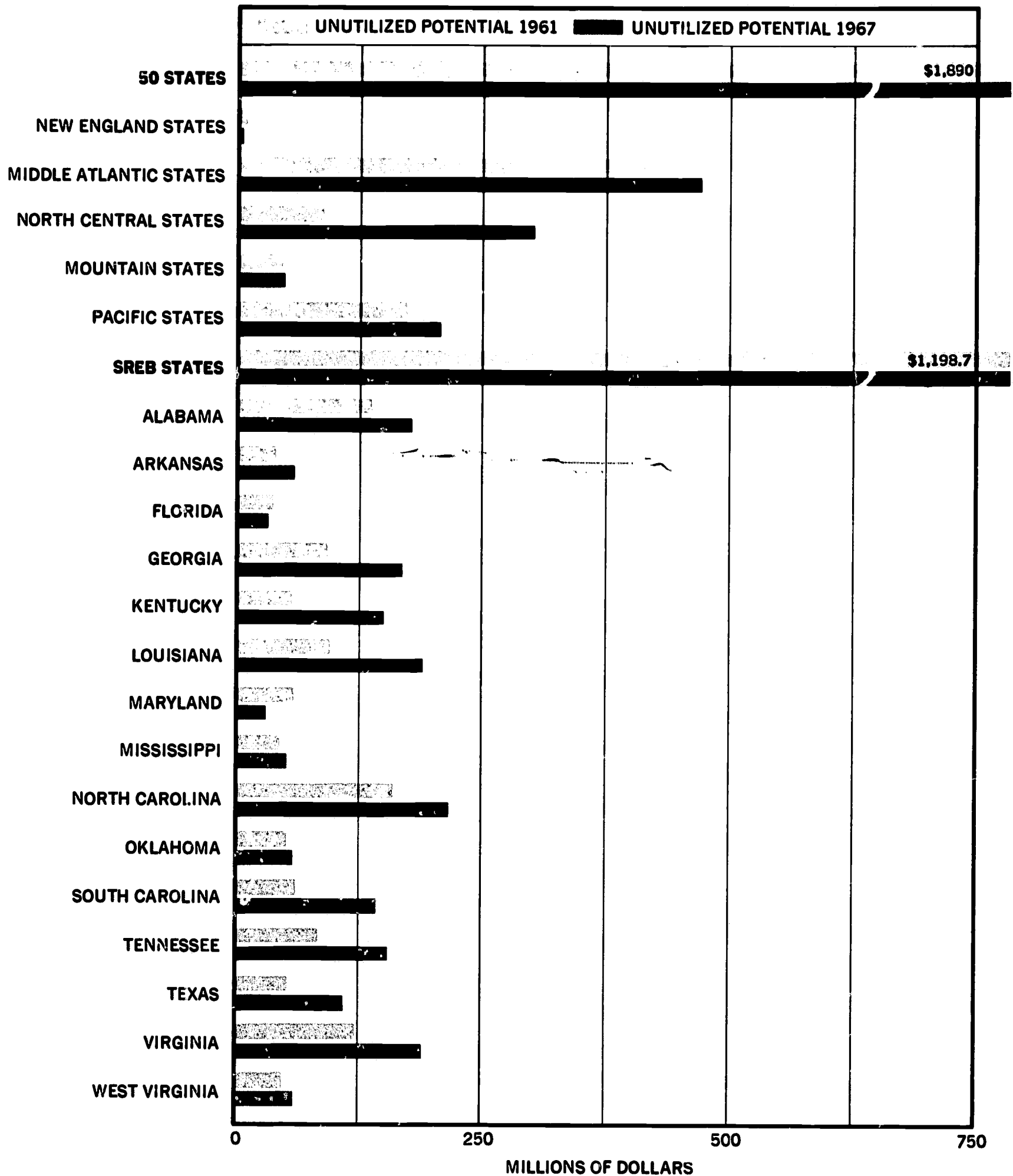
Corporation Income Taxes

Not unlike the case of the individual income taxes, corporation taxes increased in unrealized potential from 1961 to 1967 (Figure 17). All regions show growth, in this instance from 796.5 million dollars to 1,291.2 million dollars, but again the SREB states show their preference for consumption type taxes. The 15 Southern states' growth (from 202.6 million dollars to 337.2 million dollars), as for individual taxes, was mainly in Florida and Texas where no corporation income tax is levied. Arkansas, Kentucky, North Carolina and South Carolina utilized this tax satisfactorily in both 1961 and 1967. Georgia's unused potential of 1961 was nonexistent in 1967.

TAX CAPACITY AND TAX EFFORT

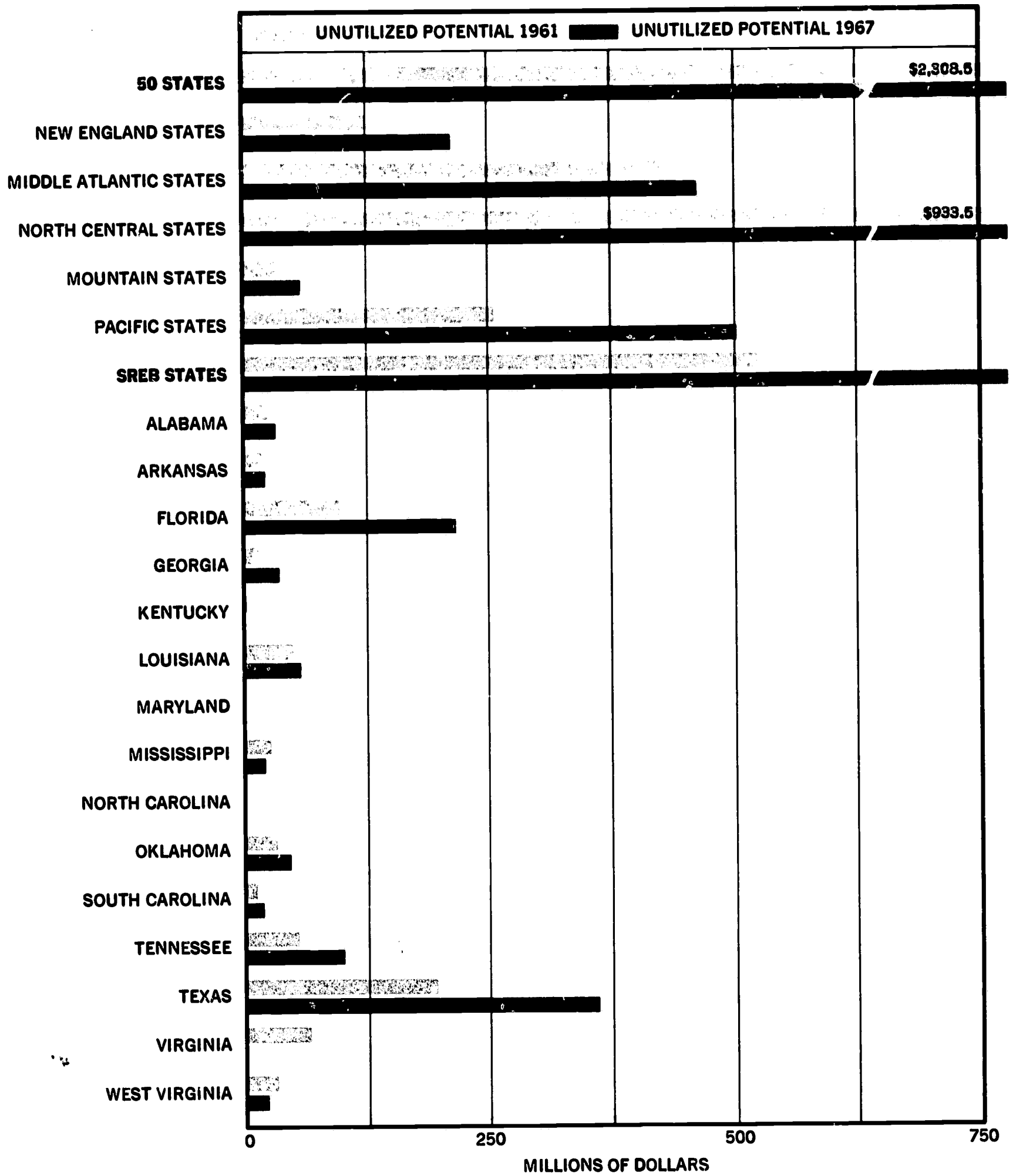
Although the data have indicated a greater average under-utilization of tax sources in 1967 as compared with 1961, this does not necessarily imply a reduction in tax burden or tax effort. In fact, the state-local tax burden, measured

FIGURE 15
Unutilized Potential Property Taxes
1961 and 1967



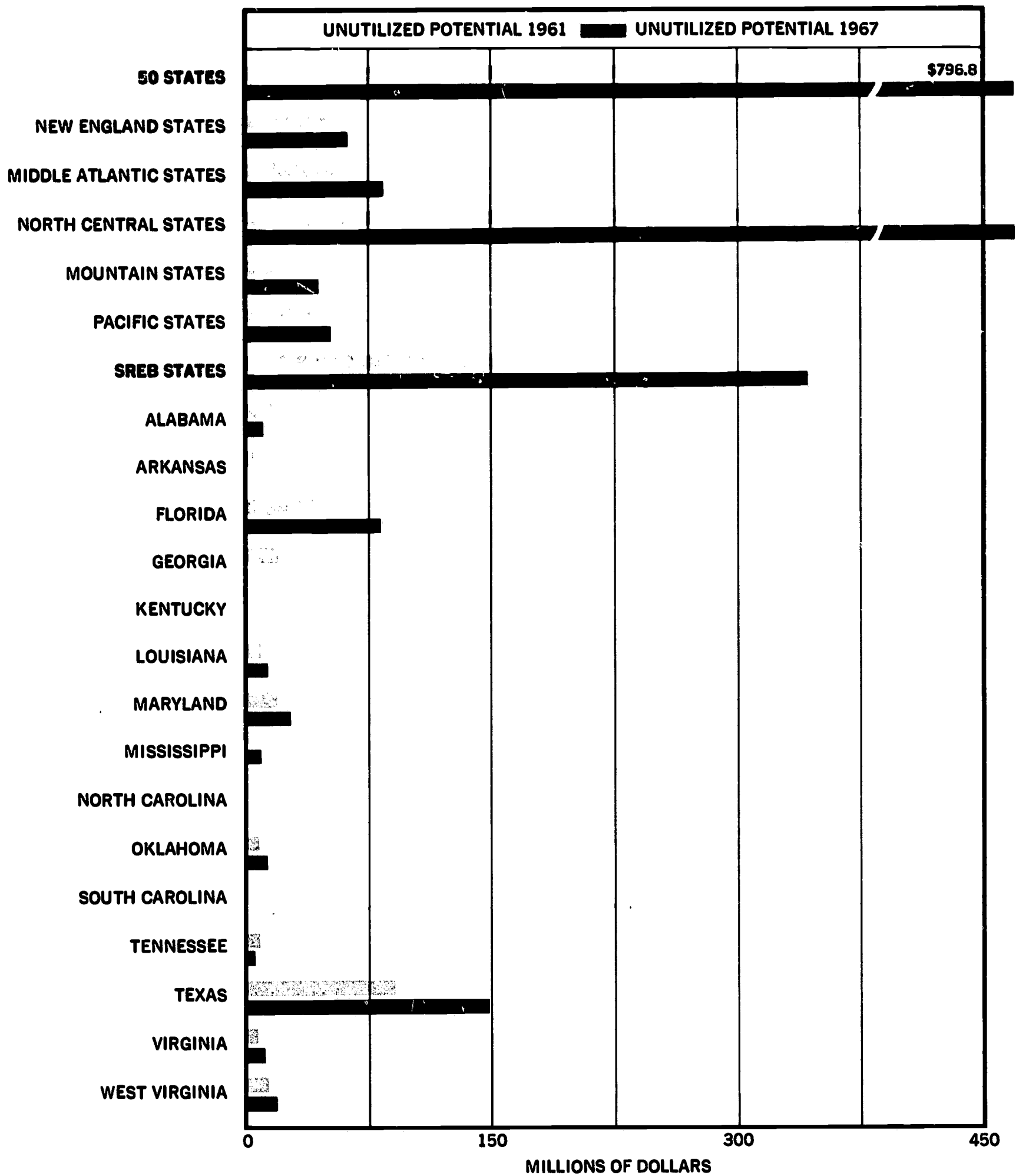
SOURCE: James W. Martin, *op. cit.* Table 11, Col. 7, and Table A-4, Col. 3, in this report.

FIGURE 16
Unutilized Potential Individual Income Taxes
1961 and 1967



SOURCE: James W. Martin, *op. cit.* Col. 8 and Table A-5, Col. 3, in this report.

FIGURE 17
Unutilized Potential Corporation Income Taxes
1961 and 1967



SOURCE: James W. Martin, *op. cit.* Col. 9 and Table A-5, Col. 6, in this report.

in per capita amounts, increased in all states during these years. In a majority of states, taxes per \$1,000 of personal income also increased (see Appendix Table A-13).

Compared with the nation, the Southern states were among the leaders in per capita tax growth (shown in Table 6). Of the 15 SREB states, 11 showed growth greater than the 50-state average (Table A-13). In terms of growth in taxes per \$1,000 of personal income, increases were not so pronounced in the South. Four SREB states apparently changed little in this measure, and two actually reduced their taxes per \$1,000 of personal income.

TABLE 6

**Taxes Per \$1,000 of Personal Income and Per Capita,
by United States Regions, 1961 and 1967**

Region	Taxes Per \$1,000 Personal Income		Taxes Per Capita		Percentage Change	
	1961	1967	1961	1967	Per \$1,000 Personal Income	Per Capita
New England States.....	\$ 92	\$ 96	\$229	\$335	4.3%	46.3%
Middle Atlantic States....	95	105	249	374	10.5	50.2
North Central States.....	92	91	212	300	-1.1	41.5
SREB States.....	88	91	157	234	3.4	49.0
Mountain States.....	101	112	219	318	10.9	45.2
Pacific States.....	105	111	281	398	5.7	41.6
50 States.....	94	98	212	309	4.3	45.8

Source: See Appendix Table A-13.

Perhaps a more satisfactory way to compare tax efforts is to measure taxes against a state-local tax base which is more inclusive than personal income alone. In Table 7 and Appendix Table A-14, tax capacity is measured as personal income per capita plus 12½ percent of full value of assessed property per capita.²⁷ This measure of capacity supplements per capita income with the estimated annual income yield of property. The measure of tax effort, then, is taxes paid per capita expressed as a percentage of this inclusive tax capacity measure.²⁸

²⁷ The 12.5 percent figure is accepted arbitrarily as a rate of return on property, transforming the stock of capital into an income flow.

²⁸ One major weakness of this method results from variations among states in property tax exemptions. In several states large blocks of private wealth are nontaxable and, therefore, not assessed. Other elements of a comprehensive tax base also are lacking.

TABLE 7

**Tax Capacity, Tax Effort and Relatives,
by United States Regions, 1967**

Region	Tax Capacity	Tax Effort	Relatives	
			Tax Capacity	Tax Effort
New England States.....	\$4,429	7.56%	106	103
Middle Atlantic States.....	4,640	8.06	111	109
North Central States.....	4,358	6.88	104	93
SREB States.....	3,436	6.81	82	92
Mountain States.....	4,075	7.80	97	106
Pacific States.....	4,770	8.34	114	113
50 States.....	4,193	7.37	100	100

Source: See Appendix Table A-14.

Some large differences are shown between the respective state-local tax efforts and tax capacities. For ease of comparison, the values are converted to "relatives" (Columns 3 and 4 of Tables 7 and A-14), that is, they are expressed as percentages of the 50-state totals. According to these measures, tax-paying capacity of the SREB region is low (82 percent of the 50-state average), and effort is also low (92 percent of the 50-state average).²⁹ The tax effort, based on personal income, has increased somewhat in recent years (Appendix Table A-13), but most of the Southern states have not kept up with the rest of the nation (Appendix Table A-15). Relatively, the tax effort has grown less in these states than in the nation.

Income distribution is another important factor in determining the revenue-raising potential of the states. Individual state data from the 1960 *Census of Population* indicate significant diversity in the distribution of families by income size in 1959.³⁰ These data and data for 1965³¹ (see Table 8) indicate that, in general, the percentage of lower income families was higher in Southern states than in the rest of the nation both in 1959 and 1965.

²⁹ If the measure of tax capacity is personal income alone and the measure of effort is taxes as a percentage of income, the picture is similar. The ACIR report indicates that, from 1957 to 1966, taxes as a percentage of personal income increased in 49 states (exception, North Dakota), reaching a high of 12.3 percent in two states in 1966. While Southern states increased taxes according to this measure, the relative tax effort in most Southern states decreased in this 10-year period, and many were not levying unduly high taxes. Appendix Table A-15 is adapted from the Commission Report. ACIR, *Fiscal Balance in the American Federal System*, Vol. 1, Report A-31, October 1967, Table 10.

³⁰ *Ibid.*, Table A-4.

³¹ *Ibid.*, p. 77.

TABLE 8**Percentage Distribution of Families by Income Level
and by Region, 1959 and 1965**

Region	Under \$3,000		\$3,000 to \$4,999		\$5,000 to \$9,999		\$10,000 to \$14,999		\$15,000 and over	
	1959	1965	1959	1965	1959	1965	1959	1965	1959	1965
North East.....	14%	12%	20%	14%	48%	45%	12%	20%	6%	9%
North Central...	19	14	20	15	46	45	11	19	5	7
South.....	33	25	23	19	34	39	7	12	3	5
West.....	16	12	18	15	37	42	13	21	6	10
United States...	21	17	21	16	43	42	11	17	5	8

Source: ACIR, *Fiscal Balance in the American Federal System*, Vol. 1, Report A-31, October 1967, p. 77.

Appendix Table A-16 is a listing of federal income taxpayers according to income classes. These data can be used in assessing overall revenue potentials and distributions of tax revenue among various sources for individual states. It seems reasonable to expect more difficulty in raising additional funds if a large proportion of families or taxpayers are in low income classes. Individual income taxes, especially, would not be highly productive if a large percentage of potential taxpayers have little income.

CONCLUSION

The financing performance of state and local governments has been remarkably vigorous since World War II, but expenditure projections for the next decade suggest little letup in the periodic state and local fiscal crises. Federal aid has increased markedly but will finance only a small portion of the projected increase in spending. State-local tax systems are not flexible enough to increase automatically as the economy grows. Clearly, most states must resort to sources of taxes that are now under-utilized.

Two major methods of measuring total tax effort are employed in this report. By the first measure, taxes per \$1,000 of personal income, the Southern states' tax effort is a little less than that of the nation. By the second measure, when tax capacity is a function of property values as well as of income, the Southern states' effort again is lower than that of the nation.

Income distribution is as important as total or per capita income in assessing tax capacity and effort. By this third measure, Southern states are generally weak, having higher-than-average percentages of their taxpayers and family units in lower income classes.

Growth in taxes, per capita, has been spectacular, increasing by over 45 percent in the last decade. But taxes, when related to personal income, have grown only about four percent for the 50 states and three percent for Southern states. The states clearly have the capability to finance adequate levels of government service. Rising personal incomes denote lesser tax loads at a given proportional rate. Taxes as percentages of income may rise as incomes rise without increasing the oppressiveness of taxes, if the increased tax effort is structured progressively.

Several states can find at least one productive tax source that has been ignored in the past. States generally have been limited to one or several of the major productive taxes, thus narrowing the potential aggregate tax base. Many Southern states have chosen to under-utilize property and income taxes; these sources should be fully investigated as sources of new revenue. Reliance on the relatively regressive consumption taxes has restricted the automatic growth in tax revenues. Revenue from income taxes with progressive rates grows relatively faster than personal income, decreasing the need for numerous periodic rate and base changes. The introduction of an adequate income tax as a supplement to consumption and property taxes would result in a more rounded and fair tax system in many states.

APPENDIX: STATISTICAL TABLES

TABLE A-1

**Personal Income by State, and State and Local General Sales and Gross Receipts
Tax Revenue, for States, Regions, and the United States, 1967
(Collections in Thousands)**

State and Region	Personal Income (millions)	Amount Collected	General Sales and Gross Receipts Taxes	
			Potential Tax Yield at Average Rate**	Unutilized Potential
New England States.....	\$ 39,658	\$ 377,366	\$ 674,583	\$ —
Connecticut.....	11,609	145,636	197,469	51,833
Maine.....	2,585	54,669	43,971	—
Massachusetts.....	19,197	128,106	326,541	198,435
New Hampshire.....	2,094	—	35,619	35,619
Rhode Island.....	2,995	48,955	50,945	1,990
Vermont.....	1,178	—	20,038	20,038
Middle Atlantic States.....	133,572	1,879,825	2,272,060	—
Delaware.....	1,905	—	32,404	32,404
New Jersey.....	25,686	208,312	436,919	228,607
New York.....	68,916	1,034,127	1,172,261	138,134
Pennsylvania.....	37,065	637,386	630,476	—
North Central States.....	181,018	2,811,496	3,079,118	—
Illinois.....	40,850	823,246	694,859	—
Indiana.....	15,980	300,881	271,820	—
Iowa.....	8,558	113,555	145,572	32,017
Kansas.....	6,961	118,160	118,407	247
Michigan.....	29,151	680,360	495,859	—
Minnesota.....	11,162	—	189,866	189,866
Missouri.....	13,775	256,142	234,313	—
Nebraska.....	4,422	—	75,218	75,218
North Dakota.....	1,589	23,238	27,029	3,791
Ohio.....	33,605	367,282	571,621	204,339
South Dakota.....	1,745	30,905	29,682	—
Wisconsin.....	13,220	97,727	224,872	127,145
SREB States.....	154,792	2,508,311	2,633,014	—
Alabama.....	7,656	200,001	130,229	—
Arkansas.....	4,130	88,644	70,252	—
Florida.....	17,101	300,873	290,888	—

General Sales and Gross Receipts Taxes

State and Region	Personal Income (millions)	Amount Collected	Potential Tax Yield at Average Rate**	Unutilized Potential
SREB States (Continued)				
Georgia.....	\$ 11,458	\$ 241,784	\$ 194,901	\$ —
Kentucky.....	7,737	135,322	131,606	—
Louisiana.....	8,995	183,306	153,005	—
Maryland.....	12,595	135,974	214,241	78,267
Mississippi.....	4,453	144,632	75,746	—
North Carolina.....	12,267	201,642	208,662	7,020
Oklahoma.....	6,594	75,760	112,164	36,404
South Carolina.....	5,752	113,812	97,842	—
Tennessee.....	9,316	202,745	158,465	—
Texas.....	29,822	259,435	507,272	247,837
Virginia.....	12,719	97,079	216,350	119,271
West Virginia.....	4,197	127,302	71,391	—
Mountain States.....	22,062	454,489	375,274	—
Arizona.....	4,444	120,666	75,592	—
Colorado.....	6,191	120,665	105,309	—
Idaho.....	1,800	32,772	30,618	—
Montana.....	1,939	—	32,982	32,982
Nevada.....	1,591	23,381	27,063	3,682
New Mexico.....	2,484	80,981	42,253	—
Utah.....	2,667	55,846	45,366	—
Wyoming.....	946	20,178	16,091	—
Pacific States.....	90,629	2,072,422	1,541,599	—
Alaska.....	1,017	3,400	17,299	13,899
California.....	70,204	1,538,891	1,194,170	—
Hawaii.....	2,415	104,309	41,079	—
Oregon.....	6,122	—	104,135	104,135
Washington.....	10,871	425,822	184,916	—
50 States*.....	\$621,731	\$10,103,909	\$10,575,648	\$1,983,180

*The District of Columbia is not included in this or other tables in this study.

**The average rate per \$1,000 of personal income for states using this tax is \$17.01.

Source: Personal Income data from U. S. Department of Commerce, Office of Business Economics, *Survey of Current Business* (Washington, D.C.: Government Printing Office, July, 1968); Collection data from U. S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1966-67* (Washington, D. C.: Government Printing Office, 1968), Tables 4 and 17; and U. S. Department of Commerce, Bureau of the Census, *State Tax Collections in 1967* (Washington, D. C.: Government Printing Office, 1968), Tables 3, 4, and 5.

TABLE A-2
State and Local Selective Sales and Gross Receipts Tax Revenue,
for States, Regions, and the United States, 1967
(In Thousands)

State and Region	Alcoholic Beverages			Tobacco Products		
	<i>Amount Collected</i>	<i>Potential Tax Yield at Average Rate</i>	<i>Unutilized Potential</i>	<i>Amount Collected</i>	<i>Potential Tax Yield at Average Rate</i>	<i>Unutilized Potential</i>
New England States.....	\$ 90,849	\$ 87,248	\$ —	\$ 120,480	\$ 111,439	\$ —
Connecticut.....	17,504	25,540	8,036	32,392	32,621	229
Maine.....	12,111	5,687	—	10,428	7,264	—
Massachusetts.....	40,915	42,233	1,318	53,196	53,944	748
New Hampshire.....	9,432	4,607	—	9,249	5,884	—
Rhode Island.....	3,840	6,589	2,749	9,967	8,416	—
Vermont.....	7,047	2,592	—	5,248	3,310	—
Middle Atlantic States.....	222,253	293,858	—	481,006	375,338	—
Delaware.....	2,444	4,191	1,747	5,478	5,353	—
New Jersey.....	32,893	56,509	23,616	97,567	72,178	—
New York.....	68,167	151,615	83,448	265,153	193,654	—
Pennsylvania.....	118,749	81,543	—	112,808	104,153	—
North Central States.....	385,633	398,239	—	461,838	508,660	—
Illinois.....	49,650	89,870	40,220	102,993	114,789	11,796
Indiana.....	17,484	35,156	17,672	37,650	44,904	7,254
Iowa.....	23,299	18,828	—	24,128	24,048	—
Kansas.....	8,393	15,314	6,921	17,544	19,560	2,016
Michigan.....	99,210	64,132	—	77,940	81,914	13,974
Minnesota.....	32,642	24,556	—	32,693	31,365	—
Missouri.....	11,130	30,305	19,175	34,369	38,708	4,339
Nebraska.....	5,577	9,728	4,151	12,196	12,426	230
North Dakota.....	3,875	3,496	—	4,930	4,465	—
Ohio.....	108,360	73,931	—	68,145	94,430	26,285
South Dakota.....	4,886	3,839	—	5,250	4,903	—
Wisconsin.....	21,127	29,084	7,957	44,000	37,148	—
SREB States.....	467,318	340,541	—	461,323	434,965	—
Alabama.....	35,469	16,843	—	30,144	21,513	—
Arkansas.....	8,077	9,086	1,009	15,045	11,605	—
Florida.....	77,313	37,622	—	59,216	48,054	—
Georgia.....	48,840	25,208	—	37,615	32,197	—
Kentucky.....	19,208	17,021	—	10,460	21,741	11,281

Insurance Taxes			Public Utilities			Amusements and Admissions		
<i>Amount Collected</i>	<i>Potential Tax Yield at Average Rate</i>	<i>Unutilized Potential</i>	<i>Amount Collected</i>	<i>Potential Tax Yield at Average Rate</i>	<i>Unutilized Potential</i>	<i>Amount Collected</i>	<i>Potential Tax Yield at Average Rate</i>	<i>Unutilized Potential</i>
\$ 50,610	\$ 55,125	\$ —	\$ 42,554	\$ 78,919	\$ —	\$ 11	\$ 2,381	\$ —
10,127	16,137	6,010	27,784	23,102	—	1	697	696
3,562	3,593	31	3,767	5,144	1,377	—	155	155
28,302	26,684	—	—	38,202	38,202	10	1,152	1,142
2,906	2,911	5	1,160	4,167	3,007	—	126	126
3,951	4,163	212	8,137	5,960	—	—	180	180
1,762	1,637	—	1,706	2,344	638	—	71	71
173,504	185,665	—	285,541	265,808	—	3,891	8,014	—
3,131	2,648	—	147	3,791	3,644	169	114	—
35,139	35,704	565	109,849	51,115	—	19	1,541	1,522
92,088	95,793	3,785	144,893	137,143	—	3,660	4,135	475
43,146	51,520	8,375	30,652	73,759	43,107	43	2,224	2,181
218,042	251,617	—	247,597	360,225	—	1,365	10,861	—
40,269	56,782	16,513	167,520	81,292	—	1,258	2,451	1,193
18,351	22,212	3,861	14,700	31,800	17,100	26	959	933
12,367	11,896	—	1,200	17,030	15,830	—	513	513
8,905	9,676	771	7,484	13,852	6,368	—	418	418
34,959	40,520	5,561	—	58,010	58,010	66	1,749	1,683
15,450	15,515	65	38,964	22,212	—	8	670	662
19,368	19,147	—	32,620	27,412	—	—	827	827
5,536	6,147	611	1,600	8,800	7,200	—	265	265
2,574	2,209	—	100	3,162	3,062	—	95	95
42,288	46,711	4,423	64,478	66,874	2,369	—	2,016	2,016
3,040	2,426	—	1,234	3,473	2,239	—	105	105
14,935	18,376	3,441	17,697	26,308	8,611	7	793	786
254,512	215,161	—	348,467	308,035	—	6,321	9,287	—
12,611	10,642	—	9,415	15,235	5,820	44	459	415
6,563	5,741	—	5,000	8,219	3,219	41	248	207
25,862	23,770	—	65,670	34,031	—	1,353	1,026	—
16,224	15,927	—	20,500	22,801	2,301	—	687	687
12,007	10,754	—	10,200	15,397	5,197	153	464	311

TABLE A-2 (Continued)

State and Region	Alcoholic Beverages			Tobacco Products		
	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
SREB States (Continued)						
Louisiana.....	\$ 31,652	\$ 19,789	\$ —	\$ 32,911	\$ 25,276	\$ —
Maryland.....	15,006	27,709	12,703	25,047	35,392	10,345
Mississippi.....	8,115	9,797	1,682	18,638	12,513	—
North Carolina.....	46,336	26,987	—	—	34,470	34,470
Oklahoma.....	15,048	14,507	—	24,446	18,529	—
South Carolina.....	32,169	12,654	—	13,582	16,163	2,581
Tennessee.....	26,136	20,495	—	31,865	26,178	—
Texas.....	47,732	65,608	17,876	133,411	83,800	—
Virginia.....	43,487	27,982	—	15,425	35,740	20,315
West Virginia.....	12,730	9,233	—	13,518	11,794	—
Mountain States.....	41,079	48,536	—	57,847	61,995	—
Arizona.....	6,138	9,777	3,639	12,441	12,488	47
Colorado.....	8,668	13,620	4,952	14,975	17,397	2,422
Idaho.....	2,992	3,960	968	4,535	5,058	523
Montana.....	7,830	4,266	—	6,262	5,449	—
Nevada.....	3,428	3,500	72	5,366	4,471	—
New Mexico.....	3,458	5,465	2,007	7,475	6,980	—
Utah.....	7,095	5,867	—	5,101	7,494	2,393
Wyoming.....	1,470	2,081	611	1,692	2,658	966
Pacific States.....	160,256	199,383	—	129,758	254,668	—
Alaska.....	3,406	2,237	—	3,665	2,858	—
California.....	73,232	154,449	81,217	75,505	197,273	121,768
Hawaii.....	5,797	5,313	—	4,669	6,786	2,117
Oregon.....	21,353	13,468	—	12,087	17,203	5,116
Washington.....	56,468	23,916	—	33,832	30,548	—
50 States.....	\$1,367,388	\$1,367,808	\$343,746	\$1,712,252	\$1,747,065	\$281,215

Insurance Taxes			Public Utilities			Amusements and Admissions		
Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
\$ 16,854	\$ 12,503	\$ —	\$ 24,008	\$ 17,900	\$ —	\$ 88	\$ 540	\$ 452
16,181	17,507	1,326	22,851	25,064	2,213	1,377	756	—
9,393	6,190	—	1,500	8,861	7,361	459	267	—
21,568	17,051	—	44,941	24,411	—	—	736	736
16,167	9,166	—	13,454	13,122	—	—	396	396
10,396	7,995	—	12,857	11,446	—	1,188	345	—
19,191	12,949	—	5,243	18,539	13,296	121	559	438
42,664	41,453	—	54,391	59,346	4,973	1,474	1,789	315
20,108	17,679	—	56,937	25,311	—	23	763	740
8,723	5,834	—	1,500	8,352	6,852	—	252	252
34,053	30,665	—	20,352	43,902	—	16,004	1,323	—
5,633	6,177	544	6,051	8,844	2,793	—	267	267
9,332	8,605	—	4,712	12,320	7,608	34	371	337
3,625	2,502	—	998	3,582	2,584	—	108	108
3,220	2,695	—	2,238	3,857	1,619	—	116	116
2,049	2,211	162	200	3,166	2,966	15,963	95	—
4,663	3,453	—	1,859	4,943	3,084	7	149	142
3,838	3,707	—	3,894	5,307	1,413	—	160	160
1,693	1,315	—	400	1,883	1,483	—	57	57
135,760	125,976	—	97,514	180,352	—	1,397	5,437	—
1,803	1,414	—	247	2,024	1,777	—	61	61
107,969	97,584	—	37,113	139,706	102,593	160	4,212	4,052
3,932	3,357	—	10,564	4,806	—	—	145	145
10,155	8,510	—	3,919	12,183	8,264	—	367	367
11,901	15,111	3,210	45,671	21,633	—	1,237	652	—
\$866,481	\$864,209	\$59,471	\$1,042,025	\$1,237,241	\$398,180	\$28,989	\$37,303	\$26,805

The average rates per \$1,000 of personal income for states using these taxes are: alcoholic beverage taxes, \$2.20; tobacco products taxes, \$2.81; insurance taxes, \$1.39; public utility taxes, \$1.99; and amusements and admissions taxes, \$0.06.

Source: See citation for Table A-1; and U. S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1966-67*, Table 21.

TABLE A-3

**State Death and Gift Tax Revenue, for States, Regions, and the United States, 1967
(In Thousands)**

State and Region	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
New England States	\$ 92,272	\$ 50,763	\$ —
Connecticut	37,919	14,860	—
Maine	4,871	3,309	—
Massachusetts	38,102	24,572	—
New Hampshire	3,508	2,680	—
Rhode Island	5,808	3,834	—
Vermont	2,064	1,508	—
Middle Atlantic States	240,101	170,971	—
Delaware	6,608	2,438	—
New Jersey	54,498	32,878	—
New York	116,029	88,212	—
Pennsylvania	62,966	47,443	—
North Central States	165,249	231,702	72,785
Illinois	47,341	52,288	4,947
Indiana	12,907	20,454	7,547
Iowa	12,095	10,954	—
Kansas	6,351	8,910	2,559
Michigan	20,720	37,313	16,593
Minnesota	14,164	14,287	123
Missouri	9,743	17,632	7,889
Nebraska	370	5,660	5,290
North Dakota	519	2,034	1,515
Ohio	17,105	43,014	25,909
South Dakota	1,821	2,234	413
Wisconsin	22,113	16,922	—
SREB States	131,831	198,133	72,991
Alabama	2,154	9,800	7,646
Arkansas	671	5,286	4,615
Florida	11,276	21,889	10,613

State and Region	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
SREB States (Continued)			
Georgia.....	\$ 3,217	\$ 14,666	\$ 11,449
Kentucky.....	8,936	9,903	967
Louisiana.....	5,502	11,514	6,012
Maryland.....	17,934	16,122	—
Mississippi.....	1,561	5,700	4,139
North Carolina.....	13,231	15,702	2,471
Oklahoma.....	13,317	8,440	—
South Carolina.....	2,813	7,363	4,550
Tennessee.....	11,624	11,924	300
Texas.....	27,276	38,172	10,896
Virginia.....	8,130	16,280	8,150
West Virginia.....	4,189	5,372	1,183
Mountain States.....	20,113	28,239	10,475
Arizona.....	1,720	5,688	3,968
Colorado.....	9,953	7,924	—
Idaho.....	1,794	2,304	510
Montana.....	2,802	2,482	—
Nevada.....	—	2,036	2,036
New Mexico.....	1,047	3,180	2,133
Utah.....	2,328	3,414	1,086
Wyoming.....	469	1,211	742
Pacific States.....	145,933	116,005	2,697
Alaska.....	104	1,302	1,198
California.....	114,176	89,861	—
Hawaii.....	1,592	3,091	1,499
Oregon.....	8,334	7,836	—
Washington.....	21,727	13,915	—
50 States.....	\$795,499	\$795,813	\$158,948

The average rate per \$1,000 of personal income for this tax computed from column 2 is \$1.28.
Source: See citation for Table A-1.

TABLE A-4

**State and Local General Property Tax Revenue,
for States, Regions, and the United States, 1967
(In Thousands)**

State and Region	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
New England States.....	\$ 1,940,170	\$ 1,670,394	\$ —
Connecticut.....	500,300	488,971	—
Maine.....	126,783	108,880	—
Massachusetts.....	1,033,023	808,578	—
New Hampshire.....	110,194	88,199	—
Rhode Island.....	121,400	126,149	4,749
Vermont.....	48,470	49,617	1,147
Middle Atlantic States.....	5,706,040	5,626,053	—
Delaware.....	35,256	80,239	44,983
New Jersey.....	1,256,300	1,081,894	—
New York.....	3,290,496	2,902,742	—
Pennsylvania.....	1,123,988	1,561,178	437,190
North Central States.....	7,956,541	7,624,478	—
Illinois.....	1,585,329	1,720,602	135,273
Indiana.....	782,006	673,078	—
Iowa.....	448,335	360,463	—
Kansas.....	358,814	293,197	—
Michigan.....	1,242,800	1,227,840	—
Minnesota.....	644,908	470,143	—
Missouri.....	480,548	580,203	99,655
Nebraska.....	280,866	186,255	—
North Dakota.....	84,014	66,929	—
Ohio.....	1,344,738	1,415,443	70,705
South Dakota.....	104,100	73,499	—
Wisconsin.....	600,083	556,826	—
SREB States.....	4,670,684	6,519,838	—
Alabama.....	120,841	322,471	201,630
Arkansas.....	100,857	173,956	73,099
Florida.....	678,416	720,294	41,878

State and Region	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
SREB States (Continued)			
Georgia.....	\$ 310,248	\$ 482,611	\$ 172,363
Kentucky.....	182,577	325,882	143,305
Louisiana.....	192,328	378,869	186,541
Maryland.....	504,124	530,501	26,377
Mississippi.....	127,702	187,560	59,858
North Carolina.....	294,803	516,686	221,883
Oklahoma.....	220,000	277,739	57,739
South Carolina.....	109,920	242,274	132,354
Tennessee.....	245,100	392,390	147,290
Texas.....	1,140,292	1,256,103	115,811
Virginia.....	336,579	535,724	199,145
West Virginia.....	106,897	176,778	69,881
Mountain States.....	1,061,070	929,252	—
Arizona.....	234,338	187,181	—
Colorado.....	318,751	260,765	—
Idaho.....	75,398	75,816	418
Montana.....	117,145	81,671	—
Nevada.....	67,328	67,013	—
New Mexico.....	64,969	104,626	39,657
Utah.....	117,960	112,334	—
Wyoming.....	65,181	39,846	—
Pacific States.....	4,851,418	3,817,294	—
Alaska.....	23,300	42,836	19,536
California.....	4,129,867	2,956,992	—
Hawaii.....	61,200	101,720	40,520
Oregon.....	296,945	257,859	—
Washington.....	340,106	457,887	117,781
50 States.....	\$26,185,923	\$26,187,309	\$ 2,860,768

The average rate per \$1,000 of personal income for states using this tax is \$42.12.
Source: See citation for Table A-1.

TABLE A-5

**State and Local Individual and Corporate Income Tax Revenue,
for States, Regions, and the United States, 1967
(In Thousands)**

State and Region	Individual Income Taxes			Corporate Income Taxes		
	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
New England States	\$ 295,825	\$ 489,380	\$ —	\$ 158,528	\$ 198,687	\$ —
Connecticut	—	143,255	143,255	80,071	58,161	—
Maine	—	31,899	31,899	—	12,951	12,951
Massachusetts	268,052	236,891	—	56,070	96,177	40,107
New Hampshire	2,708	25,840	23,132	—	10,491	10,491
Rhode Island	—	36,958	36,958	17,485	15,005	—
Vermont	25,065	14,537	—	4,902	5,902	1,000
Middle Atlantic States	2,222,128	1,648,278	—	749,443	669,196	—
Delaware	54,296	23,508	—	12,723	9,544	—
New Jersey	10,845	316,965	306,120	48,479	128,687	80,208
New York	1,856,387	850,423	—	443,738	345,269	—
Pennsylvania	300,600	457,382	156,782	244,503	185,696	—
North Central States	1,247,772	2,233,762	—	241,829	906,902	—
Illinois	—	504,089	504,089	—	204,659	204,659
Indiana	158,475	197,193	38,718	14,462	80,060	65,598
Iowa	106,120	105,606	—	11,974	42,876	30,902
Kansas	71,028	85,899	14,861	23,931	34,875	10,944
Michigan	—	359,723	359,723	—	146,047	146,047
Minnesota	247,939	137,739	—	69,604	55,922	—
Missouri	137,884	169,984	32,140	15,127	69,013	53,886
Nebraska	—	54,567	54,567	—	22,154	22,154
North Dakota	11,086	19,608	8,522	3,335	7,961	4,626
Ohio	146,000	414,686	268,686	—	168,361	168,361
South Dakota	—	21,533	21,533	583	8,742	8,159
Wisconsin	369,240	163,135	—	102,813	66,232	—
SREB States	1,058,578	1,910,132	—	503,241	775,509	—
Alabama	60,182	94,475	34,293	29,949	38,357	8,408
Arkansas	31,200	50,964	19,764	25,131	20,691	—
Florida	—	211,026	211,026	—	85,676	85,676

State and Region	Individual Income Taxes			Corporate Income Taxes		
	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
SREB States (Continued)						
Georgia.....	\$ 100,562	\$ 141,392	\$ 40,830	\$ 64,608	\$ 57,405	\$ —
Kentucky.....	126,220	95,475	—	40,450	38,762	—
Louisiana.....	35,758	110,998	75,240	34,446	45,065	10,619
Maryland.....	181,807	155,422	—	35,663	63,101	27,438
Mississippi.....	10,405	54,950	44,545	16,977	22,310	5,333
North Carolina.....	188,563	151,375	—	98,494	61,458	—
Oklahoma.....	32,433	81,370	48,973	21,510	33,036	11,526
South Carolina.....	62,694	70,980	8,286	43,395	28,818	—
Tennessee.....	8,973	114,959	105,986	43,278	46,673	3,395
Texas.....	—	368,003	368,003	—	149,408	149,408
Virginia.....	192,662	156,952	—	49,340	63,722	14,382
West Virginia.....	27,119	51,791	24,672	—	21,027	21,027
Mountain States.....	211,846	272,246	—	74,853	110,530	—
Arizona.....	26,481	54,839	28,358	14,407	22,264	7,857
Colorado.....	78,388	76,397	—	25,799	31,017	5,218
Idaho.....	31,227	22,212	—	9,579	9,018	—
Montana.....	24,224	23,927	—	7,608	9,714	2,106
Nevada.....	—	19,633	19,633	—	7,971	7,971
New Mexico.....	11,580	30,653	19,073	6,460	12,445	5,985
Utah.....	39,946	32,911	—	11,000	13,362	2,362
Wyoming.....	—	11,674	11,674	—	4,739	4,739
Pacific States.....	738,991	1,118,361	—	498,739	454,051	—
Alaska.....	22,692	12,550	—	3,450	5,095	1,645
California.....	499,470	866,317	366,847	452,574	351,722	—
Hawaii.....	63,512	29,801	—	10,525	12,099	1,574
Oregon.....	153,317	75,545	—	32,190	30,671	—
Washington.....	—	134,148	134,148	—	54,464	54,464
50 States.....	\$5,775,140	\$7,672,159	\$3,562,336	\$2,226,633	\$3,114,875	\$1,291,226

The average rate per \$1,000 of personal income for states using these taxes are: individual income taxes, \$12.34; and corporate income taxes, \$5.01.

Source: See citation for Table A-1.

TABLE A-6

**State Alcoholic Beverage License Tax Revenue,
for States, Regions, and the United States, 1967
(In Thousands)**

State and Region	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
New England States	\$ 5,526	\$ 8,725	\$ —
Connecticut	3,981	2,554	—
Maine	569	569	—
Massachusetts	414	4,223	3,801
New Hampshire	271	461	190
Rhode Island	65	659	594
Vermont	226	259	33
Middle Atlantic States	74,400	29,386	—
Delaware	264	419	155
New Jersey	979	5,651	4,672
New York	65,061	15,162	—
Pennsylvania	8,096	8,154	58
North Central States	24,109	39,825	—
Illinois	1,101	8,987	7,886
Indiana	4,417	3,516	—
Iowa	34	1,883	1,849
Kansas	375	1,531	1,156
Michigan	5,410	6,413	1,003
Minnesota	239	2,456	2,217
Missouri	1,525	3,031	1,506
Nebraska	136	973	837
North Dakota	178	350	172
Ohio	9,932	7,393	—
South Dakota	683	384	—
Wisconsin	79	2,908	2,829
SREB States	12,011	34,055	—
Alabama	1,498	1,684	186
Arkansas	402	909	507
Florida	2,032	3,762	1,730

State and Region	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
SREB States (Continued)			
Georgia.....	\$ 401	\$ 2,521	\$ 2,120
Kentucky.....	835	1,702	867
Louisiana.....	1,209	1,979	770
Maryland.....	168	2,771	2,603
Mississippi.....	80	980	900
North Carolina.....	249	2,699	2,450
Oklahoma.....	772	1,451	679
South Carolina.....	872	1,265	393
Tennessee.....	301	2,050	1,749
Texas.....	2,385	6,561	4,176
Virginia.....	393	2,798	2,405
West Virginia.....	414	923	509
Mountain States.....	3,750	4,854	—
Arizona.....	803	978	175
Colorado.....	1,127	1,362	235
Idaho.....	521	396	—
Montana.....	1,218	427	—
Nevada.....	19	350	331
New Mexico.....	43	546	503
Utah.....	9	587	578
Wyoming.....	10	208	198
Pacific States.....	18,594	19,939	—
Alaska.....	699	224	—
California.....	14,910	15,445	535
Hawaii.....	—	531	531
Oregon.....	640	1,347	707
Washington.....	2,345	2,392	47
50 States.....	\$138,390	\$136,781	\$ 54,842

The average rate per \$1,000 of personal income for states using this tax is \$.22.
Source: See citation for Table A-1.

TABLE A-7

**Number of Motor Vehicles Registered and State and Local Motor Vehicle License Tax Revenue, for States, Regions, and the United States, 1967
(In Thousands)**

State and Region	Number of Vehicles, 1965	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
New England States	5,050	\$ 97,604	\$ 123,574	\$ —
Connecticut	1,491	24,701	36,485	11,784
Maine	433	10,955	10,596	—
Massachusetts	2,185	29,627	53,467	23,840
New Hampshire	342	12,728	8,369	—
Rhode Island	422	9,918	10,326	408
Vermont	177	9,675	4,331	—
Middle Atlantic States	14,699	401,351	359,684	—
Delaware	251	8,314	6,142	—
New Jersey	3,101	87,692	75,881	—
New York	6,177	203,977	151,151	—
Pennsylvania	5,170	101,368	126,510	25,142
North Central States	27,202	772,954	665,635	—
Illinois	4,591	180,388	112,342	—
Indiana	2,540	49,376	62,154	12,778
Iowa	1,613	62,369	39,470	—
Kansas	1,404	29,352	34,356	5,004
Michigan	4,112	102,183	100,621	—
Minnesota	1,961	55,009	47,986	—
Missouri	2,163	62,976	52,929	—
Nebraska	891	15,921	21,803	5,882
North Dakota	406	15,924	9,935	—
Ohio	5,238	126,259	128,174	1,915
South Dakota	404	15,829	9,886	—
Wisconsin	1,879	57,368	45,979	—
SREB States	28,694	632,725	702,144	—
Alabama	1,755	10,522	42,945	32,423
Arkansas	955	24,496	23,369	—
Florida	3,219	101,018	78,769	—

State and Region	Number of Vehicles, 1966	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
SREB States (Continued)				
Georgia.....	2,093	\$ 25,156	\$ 51,216	\$ 26,060
Kentucky.....	1,583	19,198	38,736	19,538
Louisiana.....	1,527	14,072	37,366	22,664
Maryland.....	1,545	34,299	37,806	3,507
Mississippi.....	972	14,372	23,785	9,413
North Carolina.....	2,284	44,346	55,889	11,543
Oklahoma.....	1,493	50,383	36,534	—
South Carolina.....	1,156	11,893	28,287	16,394
Tennessee.....	1,744	46,389	42,676	—
Texas.....	5,746	153,065	140,605	—
Virginia.....	1,897	60,346	46,420	—
West Virginia.....	725	23,170	17,741	—
Mountain States.....	4,544	104,808	111,192	—
Arizona.....	859	18,118	21,020	2,902
Colorado.....	1,200	22,076	29,364	7,288
Idaho.....	446	12,316	10,914	—
Montana.....	439	10,092	10,742	650
Nevada.....	281	8,954	6,876	—
New Mexico.....	544	16,863	13,312	—
Utah.....	547	8,196	13,385	5,189
Wyoming.....	228	8,193	5,579	—
Pacific States.....	13,749	289,572	336,438	—
Alaska.....	115	4,306	2,814	—
California.....	10,392	208,487	254,292	45,805
Hawaii.....	331	5,865	8,100	2,235
Oregon.....	1,167	33,895	28,556	—
Washington.....	1,744	37,019	42,676	5,657
50 States.....	93,938	\$2,299,014	\$2,298,667	\$298,021

The average rate per registered vehicle for states using this tax is \$24.47.

Source: See citation for Table A-1; and Automobile Manufacturers Association, *1967 Automobile Facts and Figures*. Detroit, Michigan, 1968, p. 18.

TABLE A-8
State and Local Motor Fuels Tax Revenue, for States, Regions, and the
United States, 1967
(In Thousands)

State and Region	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
New England States	\$ 258,780	\$ 261,085	\$ —
Connecticut	64,307	77,085	12,778
Maine	27,976	22,386	—
Massachusetts	115,761	112,965	—
New Hampshire	18,729	17,681	—
Rhode Island	20,999	21,817	818
Vermont	11,008	9,151	—
Middle Atlantic States	727,261	759,939	—
Delaware	15,581	12,977	—
New Jersey	148,330	160,322	11,992
New York	275,808	319,351	43,543
Pennsylvania	287,542	267,289	—
North Central States	1,297,563	1,406,344	—
Illinois	185,893	237,355	51,462
Indiana	130,050	131,318	1,268
Iowa	85,394	83,392	—
Kansas	51,898	72,587	20,689
Michigan	190,848	212,590	21,742
Minnesota	88,885	101,384	12,499
Missouri	97,297	111,827	14,530
Nebraska	51,309	46,065	—
North Dakota	14,976	20,990	6,014
Ohio	273,952	270,805	—
South Dakota	18,676	20,887	2,211
Wisconsin	108,385	97,144	—
SREB States	1,617,013	1,483,481	—
Alabama	103,989	90,734	—
Arkansas	63,345	49,374	—
Florida	177,527	166,422	—

State and Region	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
SREB States (Continued)			
Georgia.....	\$ 122,721	\$ 108,208	\$ —
Kentucky.....	86,619	81,841	—
Louisiana.....	82,410	78,946	—
Maryland.....	90,472	79,877	—
Mississippi.....	75,692	50,252	—
North Carolina.....	140,665	118,083	—
Oklahoma.....	77,924	77,188	—
South Carolina.....	70,907	59,765	—
Tennessee.....	110,651	90,165	—
Texas.....	246,868	297,068	50,200
Virginia.....	123,485	98,075	—
West Virginia.....	43,738	37,483	—
Mountain States.....	232,245	234,925	—
Arizona.....	50,390	44,410	—
Colorado.....	52,442	62,040	9,598
Idaho.....	19,313	23,058	3,745
Montana.....	21,753	22,696	943
Nevada.....	17,921	14,528	—
New Mexico.....	31,696	28,125	—
Utah.....	26,827	28,280	1,453
Wyoming.....	11,903	11,788	—
Pacific States.....	723,437	710,824	—
Alaska.....	7,077	5,946	—
California.....	549,062	537,266	—
Hawaii.....	17,309	17,113	—
Oregon.....	50,878	60,334	9,456
Washington.....	99,111	90,165	—
50 States.....	\$4,856,299	\$4,856,598	\$274,941

The average rate per registered vehicle for states using this tax is \$51.70.
Source: See citation for Table A-7.

TABLE A-9

**Value of State Products Severed and Severance Tax Revenue, for States,
Regions, and the United States, 1967
(In Thousands)**

State and Region	Value of Severed Products	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
New England States	\$ 192,551	\$ 67	\$ 6,012	\$ —
Connecticut	22,742	—	710	710
Maine	44,076	—	1,376	1,376
Massachusetts	79,202	—	2,473	2,473
New Hampshire	8,790	67	274	207
Rhode Island	7,706	—	241	241
Vermont	30,035	—	938	938
Middle Atlantic States	1,315,453	—	41,069	—
Delaware	3,060	—	96	96
New Jersey	85,163	—	2,659	2,659
New York	318,199	—	9,934	9,934
Pennsylvania	909,031	—	28,380	28,380
North Central States	3,748,250	27,462	117,022	—
Illinois	620,721	—	19,379	19,379
Indiana	232,861	308	7,270	6,962
Iowa	120,430	—	3,760	3,760
Kansas	568,760	508	17,757	17,249
Michigan	609,884	994	19,041	18,047
Minnesota	553,449	21,036	17,279	—
Missouri	231,080	12	7,214	7,202
Nebraska	78,651	748	2,455	1,707
North Dakota	101,881	3,524	3,181	—
Ohio	492,797	—	15,385	15,385
South Dakota	52,965	197	1,654	1,457
Wisconsin	84,771	135	2,647	2,512
SREB States	12,843,555	503,650	400,974	—
Alabama	267,488	1,794	8,350	6,556
Arkansas	194,879	4,474	6,084	1,610
Florida	330,633	186	10,322	10,136

State and Region	Value of Severed Products	Amount Collected	Potential Tax Yield at Average Rate	Unutilized Potential
SREB States (Continued)				
Georgia.....	\$ 176,596	\$ —	\$ 5,513	\$ 5,513
Kentucky.....	502,009	246	15,673	15,427
Louisiana.....	3,468,298	215,336	108,280	—
Maryland.....	87,696	—	2,738	2,738
Mississippi.....	226,961	11,177	7,085	—
North Carolina.....	91,256	—	2,849	2,849
Oklahoma.....	997,901	45,459	31,154	—
South Carolina.....	56,691	—	1,770	1,770
Tennessee.....	188,779	—	5,894	5,894
Texas.....	5,052,728	224,664	157,746	—
Virginia.....	307,726	314	9,607	9,293
West Virginia.....	893,914	—	27,908	27,908
Mountain States.....	3,222,939	39,524	100,619	—
Arizona.....	625,287	—	19,521	19,521
Colorado.....	352,201	1,111	10,996	9,885
Idaho.....	115,782	199	3,615	3,416
Montana.....	246,002	3,515	7,680	4,165
Nevada.....	112,653	48	3,517	3,469
New Mexico.....	820,671	31,273	25,621	—
Utah.....	444,469	3,271	13,876	10,605
Wyoming.....	505,874	107	15,793	15,686
Pacific States.....	2,147,215	6,382	67,036	—
Alaska.....	138,712	4,146	4,331	185
California.....	1,754,929	1,451	54,789	53,338
Hawaii.....	24,159	—	754	754
Oregon.....	118,958	785	3,714	2,929
Washington.....	110,457	—	3,448	3,448
50 States.....	\$23,469,963	\$577,085	\$732,732	\$357,769

The average rate per \$1,000 of value for states using this tax computed from column 2 is \$31.22.

Sources: See citation for Table A-1; U. S. Department of the Interior, *Minerals Yearbook, 1966* (Washington, D. C.: Government Printing Office, 1967), Table 4, and *Fishery Statistics of the United States, 1964* (Washington, D. C.: Government Printing Office, 1966), p. 13; U. S. Department of Commerce, Bureau of the Census, *Census of Agriculture, 1964, Statistics by Subject, Value of Farm Products Sold and Economic Class of Farm*, Vol. II, Chap. 6 (Washington, D. C.: Government Printing Office, 1966), Table 10.

TABLE A-10

**Other Tax Revenue and Total State and Local Tax Revenue, for States, Regions,
and the United States, 1967
(In Thousands)**

State and Region	Parimutuel Taxes	Transfer Taxes	Other and Unallocable Taxes	Total Taxes
New England States	\$ 38,023	\$ 1,757	\$ 246,178	\$ 3,816,600
Connecticut	—	—	27,777	972,500
Maine	1,384	—	8,525	265,600
Massachusetts	18,958	1,757	185,607	1,997,900
New Hampshire	7,235	—	6,013	184,200
Rhode Island	8,596	—	8,779	267,900
Vermont	1,850	—	9,477	128,500
Middle Atlantic States	186,467	172,529	561,160	14,086,900
Delaware	6,347	1,776	25,266	177,800
New Jersey	28,988	—	87,110	2,207,000
New York	144,586	146,462	244,468	8,395,100
Pennsylvania	6,546	24,291	204,316	3,307,000
North Central States	67,995	1,336	753,519	16,682,300
Illinois	35,285	—	148,427	3,268,700
Indiana	—	—	14,007	1,555,100
Iowa	—	—	16,830	917,700
Kansas	—	—	16,557	719,300
Michigan	16,989	—	338,421	2,810,900
Minnesota	—	1,336	29,723	1,292,600
Missouri	—	—	47,659	1,206,400
Nebraska	1,785	—	14,156	390,200
North Dakota	—	—	2,027	170,300
Ohio	12,841	—	88,820	2,670,200
South Dakota	1,095	—	7,801	196,100
Wisconsin	—	—	29,091	1,484,800
SREB States	71,100	41,547	939,968	14,228,600
Alabama	—	1,573	65,614	685,800
Arkansas	3,749	—	16,505	394,200
Florida	38,339	27,813	91,706	1,658,600

State and Region	Parimutuel Taxes	Transfer Taxes	Other and Unallocable Taxes	Total Taxes
SREB States (Continued)				
Georgia.....	\$ —	\$ —	\$ 38,324	\$ 1,030,200
Kentucky.....	4,493	936	31,740	689,600
Louisiana.....	3,919	—	81,501	955,300
Maryland.....	12,484	57	109,356	1,202,800
Mississippi.....	—	—	21,497	462,200
North Carolina.....	—	—	46,762	1,141,600
Oklahoma.....	—	—	46,727	653,400
South Carolina.....	—	2,187	33,515	522,200
Tennessee.....	—	2,461	68,422	822,500
Texas.....	—	130	154,513	2,488,300
Virginia.....	—	5,613	99,679	1,109,600
West Virginia.....	8,116	777	34,107	412,300
Mountain States.....	7,447	—	110,420	2,489,900
Arizona.....	3,278	—	21,436	521,900
Colorado.....	3,345	—	13,522	684,900
Idaho.....	63	—	10,168	205,500
Montana.....	—	—	5,693	213,600
Nevada.....	—	—	24,543	169,200
New Mexico.....	761	—	13,165	276,300
Utah.....	—	—	17,089	302,400
Wyoming.....	—	—	4,804	116,100
Pacific States.....	52,023	1,236	201,668	10,125,100
Alaska.....	—	—	6,505	84,800
California.....	49,138	—	87,995	7,940,000
Hawaii.....	—	88	11,238	300,600
Oregon.....	2,050	—	48,352	674,900
Washington.....	835	1,148	47,578	1,124,800
50 States.....	\$423,055	\$218,405	\$2,812,913	\$61,429,400

Source: See citation for Table A-1.

TABLE A-11

**Summary of Unutilized Tax Potential, from Four Major Tax Sources, by State, 1967
(In Thousands)**

State and Region	General Sales and Gross Receipts	Property Taxes	Income Taxes	
			Individual	Corporate
New England States				
Connecticut	\$ 51,833	\$ —	\$ 143,255	\$ —
Maine	—	—	31,899	12,951
Massachusetts	198,435	—	—	40,107
New Hampshire	35,619	—	23,132	10,491
Rhode Island	1,990	4,749	36,958	—
Vermont	20,038	1,147	—	1,000
Middle Atlantic States				
Delaware	32,404	44,983	—	—
New Jersey	228,607	—	—	80,208
New York	138,134	—	—	—
Pennsylvania	—	437,190	156,782	—
North Central States				
Illinois	—	135,273	504,089	204,659
Indiana	—	—	38,718	65,598
Iowa	32,017	—	—	30,902
Kansas	247	—	14,861	10,944
Michigan	—	—	359,723	146,047
Minnesota	189,866	—	—	—
Missouri	—	99,655	32,140	53,886
Nebraska	75,218	—	54,567	22,154
North Dakota	3,791	—	8,522	4,626
Ohio	204,339	70,705	268,686	168,361
South Dakota	—	—	21,533	8,159
Wisconsin	127,145	—	—	—
SREB States				
Alabama	—	201,630	34,293	8,408
Arkansas	—	73,099	19,764	—
Florida	—	41,878	211,026	85,676

State and Region	General Sales and Gross Receipts	Property Taxes	Income Taxes	
			Individual	Corporate
SREB States (Continued)				
Georgia.....	\$ —	\$ 172,363	\$ 40,830	\$ —
Kentucky.....	—	143,305	—	—
Louisiana.....	—	186,541	75,240	10,619
Maryland.....	78,267	26,377	—	27,438
Mississippi.....	—	59,858	44,545	5,333
North Carolina.....	7,020	221,883	—	—
Oklahoma.....	36,404	57,739	48,973	11,526
South Carolina.....	—	132,354	8,286	—
Tennessee.....	—	147,290	105,986	3,395
Texas.....	247,837	115,811	368,003	149,408
Virginia.....	119,271	199,145	—	14,382
West Virginia.....	—	69,881	24,672	21,027
Mountain States				
Arizona.....	—	—	28,358	7,857
Colorado.....	—	—	—	5,218
Idaho.....	—	418	—	—
Montana.....	32,982	—	—	2,106
Nevada.....	3,682	—	19,633	7,971
New Mexico.....	—	39,657	19,073	5,985
Utah.....	—	—	—	2,362
Wyoming.....	—	—	11,674	4,739
Pacific States				
Alaska.....	13,899	19,536	—	1,645
California.....	—	—	366,847	—
Hawaii.....	—	40,520	—	1,574
Oregon.....	104,135	—	—	—
Washington.....	—	117,781	134,148	54,464
50 States.....	\$1,983,180	\$2,860,768	\$3,256,216	\$1,291,226

Source: See Tables A-1, A-4, A-5, and A-10.

TABLE A-12

**Percentages of Total State and Local Tax Collections, by Source, for
States, Regions, and the United States, 1967**

State and Region	General Sales and Gross Receipts	Property Taxes	Income Taxes		
			Individual	Corporate	Other
New England States.....	9.9%	50.8%	7.8%	4.2%	27.3%
Connecticut.....	15.0	51.4	—	8.2	25.4
Maine.....	20.6	47.7	—	—	31.7
Massachusetts.....	6.4	51.7	13.4	2.8	25.7
New Hampshire.....	—	59.8	1.5	—	38.7
Rhode Island.....	18.3	45.3	—	6.5	29.9
Vermont.....	—	37.7	19.5	3.8	39.0
Middle Atlantic States.....	14.1	40.5	15.8	5.3	25.1
Delaware.....	—	19.8	30.5	7.1	42.6
New Jersey.....	9.4	56.9	0.5	2.2	31.0
New York.....	12.3	39.2	20.9	5.3	22.3
Pennsylvania.....	19.3	34.0	9.1	7.4	30.2
North Central States.....	16.9	47.7	7.5	1.4	26.5
Illinois.....	25.2	48.5	—	—	26.3
Indiana.....	19.3	50.3	10.2	0.9	19.3
Iowa.....	12.4	48.9	11.6	1.3	25.8
Kansas.....	16.4	49.9	9.9	3.3	20.5
Michigan.....	38.1	44.2	—	—	17.7
Minnesota.....	—	49.9	19.2	5.4	25.5
Missouri.....	21.2	39.8	11.4	1.3	26.3
Nebraska.....	—	72.0	—	—	28.0
North Dakota.....	13.6	49.3	6.5	2.0	28.6
Ohio.....	13.8	50.4	0.5	—	35.3
South Dakota.....	15.8	53.1	—	0.3	30.8
Wisconsin.....	6.6	40.4	24.9	6.9	21.2
SREB States.....	17.6	32.8	7.4	3.5	38.7
Alabama.....	29.2	17.6	8.8	4.4	40.0
Arkansas.....	22.5	25.6	7.9	0.1	43.9
Florida.....	18.1	40.9	—	—	41.0

State and Region	General Sales and Gross Receipts	Property Taxes	Income Taxes		
			Individual	Corporate	Other
SREB STATES (Continued)					
Georgia.....	23.5%	30.1%	9.8%	6.3%	30.3%
Kentucky.....	19.6	26.5	18.3	5.9	29.7
Louisiana.....	19.2	20.1	3.7	3.6	53.4
Maryland.....	11.3	41.9	15.1	3.0	28.7
Mississippi.....	31.3	27.6	2.3	3.7	35.1
North Carolina.....	17.7	25.8	16.5	8.6	31.4
Oklahoma.....	11.6	33.7	5.0	3.3	46.4
South Carolina.....	21.8	21.0	12.0	8.3	36.9
Tennessee.....	24.6	29.8	1.1	5.3	39.2
Texas.....	10.4	45.8	—	—	43.8
Virginia.....	8.7	30.3	17.4	4.4	39.2
West Virginia.....	30.9	25.9	6.6	—	36.6
Mountain States.....	18.3	42.6	8.5	3.0	27.6
Arizona.....	23.1	44.9	5.1	2.8	24.1
Colorado.....	17.6	46.5	11.4	3.8	20.7
Idaho.....	15.9	36.7	15.2	4.7	27.5
Montana.....	—	54.8	11.3	3.6	30.3
Nevada.....	13.8	39.8	—	—	46.4
New Mexico.....	29.3	23.5	4.2	2.3	40.7
Utah.....	18.5	39.0	13.2	3.6	25.7
Wyoming.....	17.4	56.1	—	—	26.5
Pacific States.....	20.5	47.9	7.3	4.9	19.4
Alaska.....	4.0	27.5	26.8	4.1	37.6
California.....	19.4	52.0	6.3	5.7	16.6
Hawaii.....	34.7	20.1	21.1	3.5	20.6
Oregon.....	—	44.0	22.7	4.8	28.5
Washington.....	37.9	30.2	—	—	31.9
50 States.....	16.4	42.6	9.4	3.6	28.0

Source: See Tables A-1, A-4, A-5, and A-10.

TABLE A-13

Taxes Per \$1,000 of Personal Income and Taxes Per Capita, with Percentage Changes, for States, Regions, and the United States, 1961 and 1967

State and Region	Taxes Per \$1,000 Personal Income		Taxes Per Capita		Percentage Change	
	1961	1967	1961	1967	Per \$1,000 Personal Income	Per Capita
New England States	\$ 92	\$ 96	\$229	\$335	4.3%	46.3%
Connecticut	78	84	223	332	7.7	48.9
Maine	100	100	184	265	—	44.0
Massachusetts	99	104	251	368	5.0	46.6
New Hampshire	83	84	182	257	1.2	41.2
Rhode Island	93	89	212	296	-4.3	39.6
Vermont	113	109	210	307	-3.5	46.2
Middle Atlantic States	95	105	249	374	10.5	50.2
Delaware	77	93	212	340	20.8	60.4
New Jersey	86	86	238	315	—	32.4
New York	104	121	293	458	16.3	56.3
Pennsylvania	85	88	191	280	3.5	46.6
North Central States	92	91	212	300	-1.1	41.5
Illinois	82	80	220	298	-2.4	35.5
Indiana	85	96	189	308	12.9	63.0
Iowa	110	106	227	328	-3.6	44.5
Kansas	108	103	245	315	-4.6	28.6
Michigan	102	95	231	323	-6.9	39.8
Minnesota	108	115	237	357	6.5	50.6
Missouri	79	87	170	260	10.1	52.9
Nebraska	87	88	185	272	1.1	47.0
North Dakota	132	107	200	267	-18.9	33.5
Ohio	83	78	194	249	-6.0	28.4
South Dakota	122	111	216	288	9.0	33.3
Wisconsin	104	112	230	354	7.7	53.9
SREB States	88	91	157	234	3.4	49.0
Alabama	79	89	121	192	12.7	58.7
Arkansas	88	95	132	199	8.0	50.8
Florida	96	96	189	275	—	45.5

State and Region	Taxes Per \$1,000 Personal Income		Taxes Per Capita		Percentage Change	
	1961	1967	1961	1967	Per \$1,000 Personal Income	Per Capita
SREB States (Continued)						
Georgia.....	\$ 88	\$ 88	\$149	\$225	%	51.0%
Kentucky.....	88	88	146	213	—	45.9
Louisiana.....	112	106	188	261	-5.4	38.8
Maryland.....	83	95	204	325	14.5	59.3
Mississippi.....	104	104	132	197	—	49.2
North Carolina.....	87	92	144	224	5.7	55.6
Oklahoma.....	94	98	182	258	4.3	41.8
South Carolina.....	91	89	132	197	-2.2	49.2
Tennessee.....	84	88	136	212	4.8	55.9
Texas.....	82	83	164	229	1.2	39.6
Virginia.....	76	85	145	239	11.8	64.8
West Virginia.....	92	96	149	224	4.3	50.3
Mountain States.....	101	112	219	318	10.9	45.2
Arizona.....	101	117	212	319	15.8	50.5
Colorado.....	103	111	249	347	7.8	39.4
Idaho.....	99	114	189	294	15.2	55.6
Montana.....	115	108	231	300	-6.1	29.9
Nevada.....	92	106	281	381	15.2	35.6
New Mexico.....	93	111	177	275	19.4	55.4
Utah.....	100	110	208	287	10.0	38.0
Wyoming.....	98	121	224	366	23.5	63.4
Pacific States.....	105	111	281	398	5.7	41.6
Alaska.....	71	83	193	312	16.9	61.7
California.....	107	113	298	415	5.6	39.3
Hawaii.....	103	124	251	407	20.4	62.2
Oregon.....	98	103	221	314	5.1	42.1
Washington.....	98	101	240	356	3.1	48.3
50 States.....	94	98	212	309	4.3	45.8

Source: Income data from U. S. Department of Commerce, Office of Business Economics, *Survey of Current Business*, August, 1968, Table 1, p. 14. Tax data from U. S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1961*, Table 14, and *Governmental Finances in 1966-67*, Table 17. Population data from *Governmental Finances in 1961*, Table 23, and U. S. Department of Commerce, Bureau of the Census, *Current Population Reports*, Series P-25, November, 1967, p. 16.

TABLE A-14

Tax Capacity, Tax Effort and Relatives, for States, Regions, and the United States, 1967

State and Region	Tax Capacity	Tax Effort	Relative to 50 State Average	
			Tax Capacity	Tax Effort
New England States	\$4,429	7.56%	106	103
Connecticut	5,131	6.47	122	88
Maine	3,261	8.13	78	110
Massachusetts	4,439	8.29	106	112
New Hampshire	3,921	6.55	94	89
Rhode Island	4,219	7.02	101	95
Vermont	3,551	8.65	85	117
Middle Atlantic States	4,640	8.06	111	109
Delaware	4,434	7.67	106	104
New Jersey	4,707	6.69	112	91
New York	5,093	8.99	121	122
Pennsylvania	3,895	7.19	93	98
North Central States	4,358	6.88	104	93
Illinois	4,733	6.30	113	85
Indiana	4,185	7.36	100	100
Iowa	4,254	7.71	101	105
Kansas	4,338	7.26	103	99
Michigan	4,525	7.14	108	97
Minnesota	4,152	8.60	99	117
Missouri	4,027	6.46	96	88
Nebraska	4,425	6.15	106	83
North Dakota	3,758	7.16	90	96
Ohio	4,389	5.67	105	77
South Dakota	3,596	8.01	86	109
Wisconsin	3,981	8.89	95	121
SREB States	3,436	6.81	82	92
Alabama	2,981	6.44	71	87
Arkansas	2,848	6.99	68	95
Florida	3,655	7.52	87	102

State and Region	Tax Capacity	Tax Effort	Relative to 50 State Average	
			Tax Capacity	Tax Effort
SREB States (Continued)				
Georgia	\$3,172	7.09%	76	96
Kentucky	3,102	6.87	74	93
Louisiana	3,520	7.41	84	101
Maryland	4,275	7.60	102	103
Mississippi	2,539	7.76	61	105
North Carolina	3,207	6.98	76	95
Oklahoma	3,617	7.13	86	97
South Carolina	3,256	6.05	78	82
Tennessee	3,292	6.44	79	87
Texas	3,762	6.09	90	83
Virginia	3,684	6.48	88	88
West Virginia	3,150	7.11	75	96
Mountain States	4,075	7.80	97	106
Arizona	4,014	7.95	96	108
Colorado	4,148	8.37	99	114
Idaho	4,099	7.17	98	97
Montana	4,149	7.23	99	98
Nevada	5,192	7.34	124	100
New Mexico	3,320	8.28	79	112
Utah	3,854	7.45	92	101
Wyoming	5,259	6.96	125	94
Pacific States	4,770	8.34	114	113
Alaska	4,436	7.03	106	95
California	5,066	8.19	121	111
Hawaii	4,463	9.12	106	124
Oregon	4,054	7.15	97	97
Washington	4,628	7.69	110	104
50 States	4,193	7.37	100	100

Source: U. S. Department of Commerce, Bureau of the Census, *Census of Governments, 1967*, Vol. 2, *Taxable Property Values* (Washington, D. C.: Government Printing Office, 1968), Tables 3 and 15; U. S. Department of Commerce, Bureau of the Census, *Current Population Reports*, Series P-25, February, 1968, p. 6, and November, 1967, p. 16; U. S. Department of Commerce, Office of Business Economics, *Survey of Current Business*, August, 1968, Table 1, p. 14; and U. S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1966-67*, Table 17.

TABLE A-15
State and Local Tax Effort, by State,
1957 and 1966

State and Region	Tax Effort Relative to 50 State Average*		Percentage Change
	1957	1966	
New England States			
Connecticut	87.1	88.2	1.3%
Maine	105.9	104.9	-0.9
Massachusetts	110.6	103.9	-6.1
New Hampshire	95.3	89.2	-6.4
Rhode Island	90.6	98.0	8.2
Vermont	125.9	118.6	-5.8
Middle Atlantic States			
Delaware	61.2	91.2	49.0
New Jersey	82.4	85.3	3.5
New York	110.6	119.6	8.1
Pennsylvania	91.8	90.2	-1.7
North Central States			
Illinois	87.1	86.3	-0.9
Indiana	83.5	95.1	13.9
Iowa	118.8	110.8	-6.7
Kansas	110.6	108.8	-1.6
Michigan	98.8	98.0	-0.8
Minnesota	118.8	117.6	-1.0
Missouri	82.8	87.3	5.9
Nebraska	96.5	89.2	-7.6
North Dakota	142.4	108.8	-23.6
Ohio	81.2	81.4	0.2
South Dakota	134.1	117.6	-12.3
Wisconsin	118.6	112.9	5.0
SREB States			
Alabama	90.6	90.2	-0.4
Arkansas	102.4	95.1	-7.1
Florida	107.1	100.0	-6.6

State and Region	Tax Effort Relative to 50 State Average*		Percentage Change
	1957	1966	
SREB States (Continued)			
Georgia.....	101.2	91.2	-9.9%
Kentucky.....	90.6	89.2	-1.5
Louisiana.....	122.4	111.8	-8.7
Maryland.....	88.2	91.2	3.4
Mississippi.....	128.2	107.8	-15.9
North Carolina.....	98.8	96.1	-2.7
Oklahoma.....	110.6	99.0	-10.5
South Carolina.....	104.7	92.2	-11.9
Tennessee.....	100.0	90.2	-9.8
Texas.....	92.9	89.2	-4.0
Virginia.....	92.9	83.3	-10.3
West Virginia.....	90.6	96.1	6.1
Mountain States			
Arizona.....	110.6	120.6	9.0
Colorado.....	115.3	118.6	2.9
Idaho.....	109.4	116.7	6.7
Montana.....	116.5	112.7	-3.3
Nevada.....	109.4	103.9	-5.0
New Mexico.....	110.6	114.7	3.7
Utah.....	112.9	114.7	1.6
Wyoming.....	114.1	119.6	4.8
Pacific States			
Alaska.....	64.7	88.2	36.3
California.....	112.9	116.7	3.4
Hawaii.....	110.6	120.6	9.0
Oregon.....	120.0	102.9	-14.3
Washington.....	104.7	105.9	1.4
50 States.....	100.0	100.0	—

*Measure of effort is taxes as a percent of personal income.

Source: Advisory Commission on Intergovernmental Relations, *Fiscal Balance in the Federal System*, Vol. 1, Report A-31 (Washington, D. C.: Government Printing Office, October, 1967), Table 10.

TABLE A-16

Federal Income Tax Returns, Percentages of Total Number, by Adjusted Gross Income Class, by State, 1965

State and Region	Under \$5,000		Percentage	
	Percentage	Relative Based on 50 State Average	\$5,000 to \$10,000	Over \$10,000
New England States				
Connecticut	41.0%	81.2	36.8%	22.2%
Maine	60.0	118.8	31.7	8.3
Massachusetts	48.6	96.2	35.9	15.5
New Hampshire	53.9	106.7	34.4	11.7
Rhode Island	51.0	101.0	36.3	12.7
Vermont	63.4	125.5	28.9	7.7
Middle Atlantic States				
Delaware	43.0	85.1	37.1	19.9
New Jersey	44.1	87.3	35.9	20.0
New York	45.6	90.3	35.3	19.1
Pennsylvania	46.8	92.7	39.0	14.2
North Central States				
Illinois	43.2	85.5	36.4	20.4
Indiana	45.4	89.9	37.9	16.7
Iowa	52.3	83.8	35.1	12.6
Kansas	53.9	106.7	32.9	13.2
Michigan	40.7	80.6	37.7	21.6
Minnesota	50.5	100.0	36.0	13.5
Missouri	51.0	101.0	34.2	14.8
Nebraska	57.9	114.6	30.9	11.2
North Dakota	61.6	122.0	29.8	8.6
Ohio	42.7	84.6	39.6	17.7
South Dakota	62.4	123.6	29.6	8.0
Wisconsin	47.1	93.3	38.3	14.6
SREB States				
Alabama	56.5	111.9	31.7	11.8
Arkansas	67.7	134.1	24.4	7.9
Florida	55.5	109.9	31.6	12.9

State and Region	Under \$5,000		Percentage	
	Percentage	Relative Based on 50 State Average	\$5,000 to \$10,000	Over \$10,000
SREB States (Continued)				
Georgia	59.0%	116.8	29.3%	11.7%
Kentucky	57.5	113.9	32.0	10.5
Louisiana	53.9	106.7	33.1	13.0
Maryland	45.9	90.9	33.6	20.5
Mississippi	64.4	127.5	26.9	8.7
North Carolina	60.3	119.4	29.1	10.6
Oklahoma	57.4	113.7	31.2	11.4
South Carolina	59.7	118.2	30.8	9.5
Tennessee	59.4	117.6	30.0	10.6
Texas	54.4	107.7	32.0	13.6
Virginia	53.9	106.7	30.8	15.3
West Virginia	54.8	108.5	34.7	10.5
Mountain States				
Arizona	53.1	105.1	32.3	14.6
Colorado	48.0	95.0	36.2	15.8
Idaho	55.6	110.1	32.2	12.2
Montana	52.1	103.2	36.0	11.9
Nevada	44.8	88.7	33.4	21.8
New Mexico	55.3	109.5	31.3	13.4
Utah	48.0	95.0	37.3	14.7
Wyoming	55.2	109.3	31.2	13.6
Pacific States				
Alaska	37.0	73.3	33.1	29.9
California	43.3	85.7	34.3	22.3
Hawaii	12.4	24.6	33.1	54.5
Oregon	48.2	95.4	36.0	15.8
Washington	43.4	85.9	38.8	17.8
50 States	50.5	100.0	35.0	14.5

Source: U. S. Treasury Department, Internal Revenue Service, *Statistics of Income, 1965, Individual Income Tax Returns* (Washington, D. C.: Government Printing Office, 1967), Table 33.

LISTING OF REPRESENTATIVE TAX STUDIES

This section presents a list of recent major tax studies by agencies and departments of government and by universities in the 50 states. The list is not meant to be complete, but it is suggestive of the research related to state and local revenue problems faced by the states today. For the most part, the list does not include periodic statistical reports of state Tax or Revenue Commissions or Departments. Nor does it include all of the numerous miscellaneous publications, short in length, but important with respect to specialized areas. Other omissions in this compilation include research and policy statements in state-local finance by public and private agencies such as the Federal Advisory Commission on Intergovernmental Relations, the Tax Foundation, Inc., the Federation of Tax Administrators, the National Tax Association, the National Association of Tax Administrators, the National Education Association, the AFL-CIO labor organization and numerous others. Mainly, it includes those studies involving analysis of revenue systems and possibly presenting recommendations for improving those systems both qualitatively and quantitatively.

The listing was compiled from *State Tax Studies: 1959-1967*, Tax Foundation, Inc., 50 Rockefeller Plaza, New York, New York, 1967, and supplemented by correspondence with tax and revenue agencies of the fifty states.

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Department of Administration. *Revenue Sources 1964-1970*. Juneau: 1965. 51 pp.

State Revenue Sources Actual and Estimated: Fiscal Years 1963-1969. 1964. 45 pp.

Legislative Council. *Taxes and Revenue in Alaska: Fiscal Year 1966*. 1966. 52 pp.

Supplemental Report on the Alaska Business License Tax. 1964. 11 pp.

Report on the Alaska Business Tax. 1963. 30 pp.

Revenue and Taxation in Alaska. Part I. A Handbook. 1962. 142 pp.

ALASKA (Continued)

Revenue and Taxation in Alaska. Part II. Evaluation and Recommendations. 1962. 109 pp.

Supplementary Report on Inheritance and Gift Taxes. A Memorandum. 1962. 8 pp.

A Final Report on the Study Devoted to Revenue and Taxation. 1959. 72 pp.

ARIZONA

Development Board. *Tax Comparisons Between the States of Arizona and California of Specific Mythical Corporations.* (By George Flam). Phoenix: 1964. 11 pp.

ARKANSAS

Legislative Council. *Feasibility of Adapting the State Income Tax Law to the Federal Revenue Code.* Little Rock: 1966. 18 pp.

Sources of Funds for Support of Municipal Government in Arkansas—A Summary of Constitutional and Statutory Provisions. 1964. 29 pp.

Withholding of State Income Taxes. 1962. 19 pp.

Analysis of Special Exemptions in Use Tax—Effect of Incorporating Such Exemptions in the Sales Tax Law. 1960. 18 pp.

Exemption of Homesteads from Property Taxes. 1960. 9 pp.

CALIFORNIA

Legislature. Assembly Interim Committee on Government Organization. *California's Tax Administration.* Sacramento: 1965. 91 pp.

Legislature. Assembly Interim Committee on Revenue and Taxation. *Problems of Property Tax Administration in California.* 1966. 106 pp. *

The Economics of California's Fiscal Problem. 1955. 55 pp.

Selected Problems in Taxation. 1966. 79 pp.

A major tax study. 1964-65. 12 v.

Part 1: *California's Tax Structure: 1964.* January 1964. 122 pp.

Part 2: *Fees and Licenses: 1964.* (By Alice J. Vandermeulen). July 1964. 77 pp.

Part 3: *Conformity of State Personal Income Tax Laws to Federal Personal Income Tax Laws.* (By Corinne L. Gilb). September 1964. 102 pp. *

CALIFORNIA (Continued)

Part 4: *The Sales Tax*. (By Harold M. Somers). December 1964. 132 pp.

Part 5: *Taxation of Property in California*. (By David R. Doerr and others). December 1964. 361 pp.

Part 6: *Financing Local Government in California*. (By Wilma Mayers). December 1964. 92 pp.

Part 7: *Sources of Revenue Not Now Used by California*. (By Wilma Mayers and others). December 1964. 71 pp. *

Part 8: *The Insurance Tax*. (By Sylvia Lane). December 1964. 97 pp.

Part 9: *California Excise Taxes on Cigarettes, Alcoholic Beverages, and Horseracing*. (By Ellis T. Austin). December 1964. 63 pp.

Part 10: *Taxation of Corporate Income in California*. (By Harold M. Somers and David R. Doerr). December 1964. 87 pp.

Part 11: *Capital Gains, Death and Gift Taxation*. (By Harold M. Somers). April 1965. 89 pp.

Part 12: *A Program of Tax Reform for California*. July 1965. 347 pp. *

Legislature. Assembly Interim Committee on Revenue and Taxation. Subcommittee on Public Indebtedness. *The Cost of Public Financing for Necessary New and Expanded Facilities on the State and Local Level*. 1959. 54 pp.

Legislature. Assembly Interim Committee on Ways and Means. *Report on State Inheritance Tax Appraising*. 1965. 20 pp.

California Legislature. Fact Finding Committee on Revenue and Taxation. *Report*, 1965. 9 v.

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Part 2: *General Fund Consumption Taxes*. January 1965. 85 pp.

Part 3: *California Personal Income Tax*. January 1965. 56 pp.

Part 4: *Taxes on Business Income*. March 1965. 52 pp.

Part 5: *Death and Gift Taxation*. January 1965. 45 pp.

Part 6: *Taxes on Extractive Industries*. January 1965. 76 pp.

Part 7: *Highway-User Taxes*. June 1965. 48 pp.

Part 8: *The Private Car Tax*. April 1965. 13 pp.

Part 9: *Property Taxes and Other Local Revenue Sources*. March 1965. 88 pp.

A Study of the Feasibility of Increasing State and Local Government Revenues from Selected Taxes. 1963. 83 pp. *

An Evaluation of the Taxation of Mobile Homes in California. 1965. 14 pp.

CALIFORNIA (Continued)

Intergovernmental Fiscal Relations in California. 1965. 196 pp. *

State and Local Fiscal Relationships in Public Education in California. 1965. 63 pp.

An Analysis of the Proposal to Impose a State License Tax in Lieu of Local Taxes on Boats. 1963. 27 pp.

An Inquiry into the Effects of Exempting Certain Imported Raw Materials from Local Personal Property Taxes. 1963. 56 pp.

A Proposal for a Comprehensive Study of State and Local Taxes and Other Revenues in California. 1963. 12 pp.

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Gross Ton Mile Tax. Administration and Application. 1960. 53 pp.

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- Committee to Study the Tax Burden of Elderly Citizens. *Report*. 1963. 40 pp.
- Horse Racing and Pari-Mutuel Study Committee. *Horse Racing for Connecticut: A Study of the Proposal*. 1965. 92 pp. *
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DELAWARE

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KANSAS

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